

SIYANDA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of Siyanda District Municipality at 30 June 2012 and the results of its operations and cash flows for the year then ended.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2011/12 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2012 indicates an decrease in Net Assets, and an decrease in both Non-current Liabilities and Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Retirement Benefit Liabilities and Long-service Benefits. The increase in Current Liabilities is primarily as a result of the increase in Creditors and Unspent Conditional Grants.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

Financial Statement Ratios:

INDICATOR	2012	2011
Surplus / (Deficit) before Appropriations	(326 448)	17 173 934
Surplus / (Deficit) at the end of the Year	6 463 888	48 214 533
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	29.32%	41.68%
Remuneration of Councillors	2.63%	4.17%
Collection Costs	0.00%	0.00%
Depreciation and Amortisation	2.11%	5.11%
Impairment Losses	0.64%	3.19%
Repairs and Maintenance	0.56%	0.99%
Interest Paid	0.48%	1.27%
Bulk Purchases	0.00%	0.00%
Contracted Services	3.05%	3.44%
Grants and Subsidies Paid	2.74%	9.72%
General Expenses	13.44%	30.43%
Loss on Disposal of Property, Plant and Equipment	45.03%	0.00%
Current Ratio:		
Creditors Days	32	23
Debtors Days	28	16

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

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4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R11 479 866 (2010/11: R14 548 226). Full details of Assets are disclosed in Notes 7, 8 and Appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R11 479 866 was financed as follows:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Percentage Variance %	Budgeted 2011/12 R	Variance actual/ budgeted %
Capital Replacement Reserve			-		-
External Loans	3 545 688	4 438 365	(20.11)	6 182 000	(42.64)
Finance Leases	54 012	619 405	(91.28)	-	100.00
Grants and Subsidies	7 880 165	9 835 707	(19.88)	10 507 050	(25.00)
	11 479 866	14 893 476	(22.92)	16 689 050	(31.21)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2012	2011
Capital Replacement Reserve	-	-
External Loans	30.89%	29.80%
Grants and Subsidies	68.64%	66.04%
Finance Leases	0.47%	4.16%
	100.00%	100.00%

Capital Assets are funded to a great extent from grants and subsidies as the municipality does not have the financial resources to finance infrastructure capital expenditure from its own funds.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2012	2011
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	(21 345 187)	24 236 730
Revenue variances	(27 463 335)	(29 365 908)
Expenditure variances:		
Employee Related Costs	4 845 324	12 350 384
Remuneration of Councillors	(2 445 868)	(1 339 169)
Depreciation and Amortisation	182 100	(2 313 129)
Impairment Losses	(650 796)	(1 853 396)
Repairs and Maintenance	378 948	1 096 205
Interest Paid	968 995	303 446
Contracted Services	(842 372)	(200 611)
Grants and Subsidies Paid	13 185 873	5 403 720
General Expenses	1 605 473	9 355 662
Loss on disposal of Property, Plant and Equipment	(9 472 137)	(500 000)
Actual surplus / (deficit) before appropriations	(41 052 984)	17 173 934

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DETAILS	2012	2011
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	(21 345 187)	24 236 730
Executive and Council	839 985	1 320 139
Finance and Administration	(18 280 042)	(1 982 812)
Planning and Development	(707 323)	(12 235 011)
Health	1 494 257	89 498
Community and Social Services	4 861 587	490 803
Housing	691 379	(2 217 488)
Public Safety	47 085	106 629
Waste Management	(9 172 713)	198 531
Roads and Transport	(96 764)	6 431 639
Water	705 675	91 834
Electricity	-	-
Other	(90 921)	643 442
Revenue Foregone	-	-
Actual surplus before appropriations	(41 052 984)	17 173 934

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 Capital Budget:

DETAILS	Actual 2011/12 R	Actual 2010/11 R	Variance actual 2011/12 / 2010/11 R	Budgeted 2011/12 R	Variance actual/ budgeted R
Executive and Council	109 429	682 437	(573 007)	60 000	49 429
Finance and Administration	1 579 798	2 159 093	(579 295)	5 130 000	(3 550 202)
Planning and Development	2 842 919	87 056	2 755 863	4 781 000	(1 938 081)
Health	7 280	-	7 280	20 000	(12 720)
Community and Social Services	1 553 117	2 950 964	(1 397 847)	-	1 553 117
Housing	10 662	-	10 662	1 176 050	(1 165 388)
Public Safety	-	927 044	(927 044)	17 000	(17 000)
Sport and Recreation	41 200	9 663 130	(9 621 930)	-	41 200
Environmental Protection	-	2 550	(2 550)	-	-
Waste Management	-	13 861 276	(13 861 276)	-	-
Roads and Transport	-	85 983 581	(85 983 581)	-	-
Water	5 335 461	60 814 623	(55 479 162)	5 500 000	(164 539)
Electricity	-	19 609 081	(19 609 081)	-	-
Other	-	798	(798)	5 000	(5 000)
	11 479 866	196 741 631	(185 261 765)	16 689 050	(5 209 184)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with an explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2012 amounted to R6 463 888 (30 June 2011: R48 214 533) and is made up as follows:

Accumulated Surplus	6 463 888
	<u>6 463 888</u>

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Refer to Note 17 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2012 was R3 599 700 (30 June 2011: R5 057 769).

Refer to Note 14 and Appendix "A" for more detail.

8. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2012 was R17 442 944 (30 June 2011: R16 254 973).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 15 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R942 209 as at 30 June 2012 (30 June 2011: R6 004 273) and is made up as follows:

Provision for Long-term Service	942 209
Provision for Rehabilitation of Land-fill Sites	-
	<u>942 209</u>

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 16 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R13 460 554 as at 30 June 2012 (30 June 2011: R14 322 437) and is made up as follows:

Provisions	Note 10	1 678 826
Payables	Note 11	4 462 872
Unspent Conditional Grants and Receipts	Note 12	6 228 402
Bank Overdraft	Note 6	64 956
Current Portion of Long-term Liabilities	Note 14	1 025 498
		<u>13 460 554</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months).

Refer to the indicated Notes for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R31 622 175 as at 30 June 2012 (30 June 2011: R68 002 415).

Refer to Note 7 and Appendices "B, C and E (2)" for more detail.

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12. INTANGIBLE ASSETS

The net value of Intangible Assets were R193 654 as at 30 June 2012 (30 June 2011: R224 654).

These are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 8 and Appendix "B" for more detail.

13. CURRENT ASSETS

Current Assets amounted R8 958 752 as at 30 June 2012 (30 June 2011: R20 053 712) and is made up as follows:

Inventories	Note 2	56 850
Receivables from Exchange Transactions	Note 3	199 079
Receivables from Non-exchange Transactions	Note 4	1 349 564
VAT Receivable	Note 5	4 765 278
Cash and Cash Equivalents	Note 6	2 574 830
Current Portion of Finance Lease Receivables	Note 9	13 151
		<u>8 958 752</u>

The decrease in the amount for Current Assets is mainly due to the decrease in Cash and Cash Equivalents.

Refer to the indicated Notes for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 48.

15. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Financial Services Directorate, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

31 August 2012

SIYANDA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

2011	Budget					Actual	
R	2012 Original	2012 Adjusted		Note	2012	2011	
R	R	R			R	R	
ASSETS							
22 334 800	3 998 000	19 987 051	Current Assets		8 958 752	20 053 712	
113 193		173 798	Inventories	2	56 850	173 798	
3 354 535		71 580	Receivables from Exchange Transactions	3	199 079	130 236	
15 182 177		3 832 789	Receivables from Non-exchange Transactions	4	1 349 564	3 832 789	
-		2 842 686	VAT Receivable	5	4 765 278	2 838 180	
3 684 895	3 998 000	13 066 198	Cash and Cash Equivalents	6	2 574 830	13 066 198	
			Current Portion of Finance Lease Receivables	9	13 151	12 511	
48 107 565	15 390 500	65 783 057	Non-Current Assets		31 925 046	68 349 437	
43 166 565	14 890 500	65 558 402	Property, Plant and Equipment	7	31 622 175	68 002 415	
		224 654	Intangible Assets	8	193 654	224 654	
			Finance Lease Receivables	9	109 216	122 368	
4 941 000	500 000	-	Long-term Receivables		-	-	
70 442 365	19 388 500	85 770 107	Total Assets		40 883 798	88 403 149	
LIABILITIES							
5 410 317	9 319 000	14 009 006	Current Liabilities		13 460 554	14 322 437	
-	3 000 000	1 458 401	Provisions	10	1 678 826	1 927 988	
5 363 443	5 819 000	2 940 571	Payables	11	4 462 872	2 828 379	
-	-	8 159 198	Unspent Conditional Grants and Receipts	12	6 228 402	8 115 234	
-	-		Bank Overdraft	6	64 956	-	
46 874	500 000	1 450 836	Current Portion of Long-term Liabilities	14	1 025 498	1 450 836	
6 687 894	7 256 000	25 866 178	Non-Current Liabilities		20 959 355	25 866 179	
5 698 124	6 182 000	3 606 933	Long-term Liabilities	14	2 574 202	3 606 933	
-	-	16 254 972	Retirement Benefit Liabilities	15	17 442 944	16 254 973	
989 770	1 074 000	6 004 273	Non-current Provisions	16	942 209	6 004 273	
12 098 211	16 575 000	39 875 184	Total Liabilities		34 419 910	40 188 616	
58 344 155	2 813 500	45 894 923	Total Assets and Liabilities		6 463 888	48 214 533	
58 344 155	2 813 500	45 894 923	NET ASSETS		6 463 888	48 214 533	
58 344 155	2 813 500	45 894 923	Accumulated Surplus / (Deficit)	17	6 463 888	48 214 533	
58 344 155	2 813 500	45 894 923	Total Net Assets		6 463 888	48 214 533	

SIYANDA DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

Budget				Actual	
2011	2012 Original	2012 Adjusted	Note	2012	2011
R	R	R		R	R
REVENUE					
Revenue from Non-exchange Transactions					
1 870 923	-	-	18	-	1 707 999
-	-	-		-	-
(10 000)	-	-		5 525 302	-
91 845 749	73 892 000	64 392 000	19	52 190 737	65 883 267
Revenue from Exchange Transactions					
99 817	-	-	20	-	67 696
250 584	263 112	263 112	21	8 625	60 059
490 000	750 000	750 000	22	529 336	751 962
46 146	-	-	22	6 460	7 069
1 314 400	-	-		-	1 042 199
10 807 824	14 041 610	22 946 940	23	2 628 256	5 499 480
-	-	-		-	2 329 805
106 715 443	88 946 722	88 352 052	Total Revenue	60 888 717	77 349 535
EXPENDITURE					
37 429 424	33 580 829	34 738 212	24	29 892 888	25 079 040
1 172 957	232 286	232 286	25	2 678 154	2 512 126
-	-	-		-	-
758 981	932 393	2 337 358	26	2 155 258	3 072 110
63 814	-	-	27	650 796	1 917 210
1 693 283	1 010 232	947 962		569 015	597 078
1 067 754	2 657 054	1 456 871	28	487 876	764 308
1 871 750	1 420 000	2 270 000	29	3 112 372	2 072 361
11 254 500	16 179 125	15 976 500	30	2 790 627	5 850 780
27 666 250	14 272 421	15 308 702	31	13 703 229	18 310 588
(500 000)	(525 000)	36 429 349	32	45 901 485	(0)
82 478 713	69 759 340	109 697 238	Total Expenditure	101 941 700	60 175 601
SURPLUS / (DEFICIT) FOR THE YEAR				(41 052 984)	17 173 934
OTHER REVENUE / EXPENDITURE INCURRED					
Discontinued Operations:					
			33	(40 726 536)	-
24 236 730	19 187 382	(21 345 187)	SURPLUS / (DEFICIT) FOR THE YEAR - ex Discontinued Operations	(326 448)	17 173 934
Refer to Appendix E(1) for explanation of budget variances					



SIYANDA DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

Description	Revaluation Reserve	Accumulated Surplus / (Deficit) Account			Total for Accumulated Surplus/(Deficit) Account	Total
		Capital Replacement Reserve	Government Grants Reserve	Accumulated Surplus / (Deficit)		
2011	R	R	R	R	R	R
Balance at 30 June 2010	-	-	-	30 890 331	30 890 331	30 890 331
Correction of Error - 2010				150 269	150 269	150 269
Correction of Error (Note 35)	-	-	-	2 660 416	2 660 416	2 660 416
Restated Balance	-	-	-	33 701 016	33 701 016	33 701 016
Published Surplus / (Deficit) for the year				14 513 518	14 513 518	14 513 518
Balance at 30 June 2011	-	-	-	48 214 533	48 214 533	48 214 533
2012						
Correction of Error (Note 35)				-	-	-
Restated Balance	-	-	-	48 214 533	48 214 533	48 214 533
Surplus / (Deficit) for the year				(41 052 984)	(41 052 984)	(41 052 984)
Correction of 2011 Orders transfers			-	(692 420)	(692 420)	(692 420)
Correction of Bank and Cash			-	(5 240)	(5 240)	(5 240)
Balance at 30 June 2012	-	-	-	6 463 888	6 463 888	6 463 889
						0.24

SIYANDA DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

2011 R	Budget		Note	Actual	
	2012 Original R	2012 Adjusted R		2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
1 946 739	14 304 722	37 514 773	18	1 659 472	1 639 289
72 054 150	73 892 000	138 284 000	19	54 077 570	60 090 571
			20	58 354	(209 280)
490 000	750 000	1 500 000	22	535 796	759 031
				4 944 645	15 674 771
Payments					
(60 652 640)	(51 582 018)	(104 329 035)	24	(28 490 841)	(24 368 734)
			25	(2 678 154)	(2 512 126)
(405 000)	(2 657 054)	(4 113 925)	28	(487 876)	(764 308)
				(2 046 893)	(3 464 332)
(2 584 554)	(15 474 125)	(30 645 625)		(25 037 976)	(23 672 152)
10 848 695	19 233 525	38 210 189	NET CASH FLOWS FROM OPERATING ACTIVITIES	2 534 096	24 214 928
CASH FLOWS FROM INVESTING ACTIVITIES					
(5 822 146)	(16 639 050)	(33 328 100)	7	(11 479 866)	(14 450 313)
-	-	-	8	(165 637)	(97 913)
698 922	525 000	1 095 000		-	-
-	-	-	9	13 151	(122 368)
1 369 298	-	-		-	-
(3 753 926)	(16 114 050)	(32 233 100)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(11 632 352)	(14 670 594)
CASH FLOWS FROM FINANCING ACTIVITIES					
(1 357 874)	-	-	14	(1 458 069)	(1 965 040)
(1 357 874)	-	-	NET CASH FLOWS FROM FINANCING ACTIVITIES	(1 458 069)	(1 965 040)
5 736 895	3 119 475	5 977 089	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	(10 556 325)	7 579 295
10 891	13 064	26 129	Cash and Cash Equivalents at Beginning of Period	13 066 198	5 486 903
16 627	16 184	32 106	Cash and Cash Equivalents at End of Period	2 509 873	13 066 198

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

1. GENERAL INFORMATION

Siyanda District Municipality (The Municipality) is a local government institution in Upington, Northern Cape and has 6 local municipalities under its jurisdiction. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

2. INVENTORIES

Consumable Stores - at cost	56 851	173 446
Water - at cost	(1)	353
Total Inventories	56 850	173 798

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Service Debtors:	-	-	-
Sewerage	-	-	-
Water	-	-	-
Other Receivables	247 706	48 627	199 079
Other Debtors	247 706	48 627	199 079
Total Receivables from Exchange Transactions	247 706	48 627	199 079
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Service Debtors:	49 185	33 535	15 650
Sewerage	16 887	11 770	5 118
Water	32 298	21 765	10 532
Other Receivables	256 875	142 289	114 586
Other Debtors	256 875	142 289	114 586
Total Receivables from Exchange Transactions	306 060	175 824	130 236

Receivables from Exchange Transactions have been restated to correctly classify VAT Receivables , now included in in the Statement of Financial Position as a separate line item in terms of GRAP. Refer to Note 35 on 'Correction of error' for details of the restatement.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
3.1 Ageing of Receivables from Exchange Transactions		
Sewerage: Ageing		
<u>Current:</u>		
0 - 30 days	-	1 903
<u>Past Due:</u>		
31 - 60 Days	-	1 706
61 - 90 Days	-	1 509
91 - 120 Days	-	1 443
+ 120 Days	-	10 326
Total	-	16 887
Water: Ageing		
<u>Current:</u>		
0 - 30 days	-	2 236
<u>Past Due:</u>		
31 - 60 Days	-	2 278
61 - 90 Days	-	6 019
91 - 120 Days	-	-
+ 120 Days	-	21 765
Total	-	32 298
Other Debtors: Ageing		
<u>Current:</u>		
0 - 30 days	(1 851)	5 908
<u>Past Due:</u>		
31 - 60 Days	478	3 806
61 - 90 Days	-	3 202
91 - 120 Days	-	1 993
+ 120 Days	249 079	241 966
Total	247 706	256 875
All Debtors: Ageing		
<u>Current:</u>		
0 - 30 days	(1 851)	10 046
<u>Past Due:</u>		
31 - 60 Days	478	7 790
61 - 90 Days	-	10 729
91 - 120 Days	-	3 437
+ 120 Days	249 079	274 057
Total	247 706	306 060

3.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2012				
<u>Current:</u>				
0 - 30 days	(1 452)	(399)	-	-
<u>Past Due:</u>				
31 - 60 Days	-	478	-	-
61 - 90 Days	-	-	-	-
+ 90 Days	212 703	36 376	-	-
Sub-total	211 251	36 455	-	-
Less: Provision for Impairment	12 250	36 376	-	-
Total Trade Receivables by Customer Classification	199 000	79	-	-

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

			2012 R	2011 R
	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2011				
<u>Current:</u>				
0 - 30 days	6 117	1 555	-	2 375
<u>Past Due:</u>				
31 - 60 Days	5 736	-	-	2 054
61 - 90 Days	9 160	-	-	1 569
+ 90 Days	33 389	100 570	-	84 880
Sub-total	54 403	102 125	-	90 877
Less: Provision for Impairment	35 528	100 385	-	39 910
Total Trade Receivables by Customer Classification	18 874	1 739	-	50 968

In determining the recoverability of a Receivable, the municipality considers any change in the credit quality of the Receivable from the date credit was initially granted up to the reporting date. Furthermore, the municipality has also placed a strong emphasis on verifying the indigent status of consumers. The concentration of credit risk is limited due to the customer base being spread over a large number of consumers and is not concentrated in any particular sector or geographical area. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Assessment Rates Debtors	-	-	-
Government Subsidy Claims	1 349 564	-	1 349 564
Total Receivables from Non-exchange Transactions	1 349 564	-	1 349 564
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Assessment Rates Debtors	1 659 472	1 659 472	-
Government Subsidy Claims	3 832 789	-	3 832 789
Total Receivables from Non-exchange Transactions	5 492 260	1 659 472	3 832 789

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2012

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:					
Gross Balances					-
Less: Provision for Impairment					-
Net Balances	-	-	-	-	-
Government Subsidy Claims:					
Gross Balances	(48 183)	127 492	217 792	1 052 463	1 349 564
Less: Provision for Impairment	-	-	-	-	-
Net Balances	(48 183)	127 492	217 792	1 052 463	1 349 564

As at 30 June Receivables of R1 397 747 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	127 492	217 792	1 052 463	1 397 747
Less: Provision for Impairment	-	-	-	-
Net Balances	127 492	217 792	1 052 463	1 397 747

As at 30 June 2011

	Current 0 - 30 days	Past Due			Total
		31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:					
Gross Balances				1 659 472	1 659 472
Less: Provision for Impairment				-	-
Net Balances	-	-	-	1 659 472	1 659 472
Government Subsidy Claims:					
Gross Balances	2 396 943	771 576	523 988	140 282	3 832 789
Less: Provision for Impairment	-	-	-	-	-
Net Balances	2 396 943	771 576	523 988	140 282	3 832 789

As at 30 June Receivables of R3 095 318 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	771 576	523 988	1 799 754	3 095 318
Less: Provision for Impairment	-	-	-	-
Net Balances	771 576	523 988	1 799 754	3 095 318

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

			2012 R	2011 R
4.2 Summary of Assessment Rates Debtors by Customer Classification				
	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2012				
<u>Current:</u>				
0 - 30 days	-	-	(48 183)	-
<u>Past Due:</u>				
31 - 60 Days	-	-	127 492	-
61 - 90 Days	-	-	217 792	-
+ 90 Days	-	-	1 052 463	-
Sub-total	-	-	1 349 564	-
Less: Provision for Impairment	-	-	-	-
Total Rates Debtors by Customer Classification	-	-	1 349 564	-
As at 30 June 2011				
<u>Current:</u>				
0 - 30 days	-	-	2 396 943	-
<u>Past Due:</u>				
31 - 60 Days	-	-	771 576	-
61 - 90 Days	-	-	523 988	-
+ 90 Days	-	1 659 472	140 282	-
Sub-total	-	1 659 472	3 832 789	-
Less: Provision for Impairment	-	1 659 472	-	-
Total Rates Debtors by Customer Classification	-	-	3 832 789	-
			2012 R	2011 R

4.3 Reconciliation of Provision for Impairment

Balance at beginning of year	1 659 472	-
Impairment Losses recognised	-	1 659 472
<i>Other Debtors</i>	-	-
<i>Assessment Rates Debtors</i>	-	1 659 472
Impairment Losses reversed	(1 659 472)	-
<i>Other Debtors</i>	-	-
<i>Assessment Rates Debtors - Transferred to Local Municipalities</i>	(1 659 472)	-
Balance at end of year	-	1 659 472

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

The following Loans and Receivables are included in the total amount of the Provision for Impairment:

Assessment Rates Debtors	-	1 659 472
Payments made in Advance	-	-
Government Subsidy Claims	-	-
Projects	-	-
Recoverable Works	-	-
Short-term Loans	-	-
Sundry Debtors	-	-
Total Provision for Impairment on Receivables from Non-exchange Transactions	-	1 659 472

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
5. VAT RECEIVABLE		
Vat Receivable	4 765 278	2 838 180
Vat Payable		
Vat Receivable	<u>4 765 278</u>	<u>2 838 180</u>

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are made before the due date.

6. CASH AND CASH EQUIVALENTS

Current Investments	2 572 650	7 834 711
Bank Accounts	-	5 229 307
Bank Overdraft	(64 956)	-
Cash and Cash Equivalents	2 180	2 180
Total Bank, Cash and Cash Equivalents	<u>2 509 873</u>	<u>13 066 198</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

6.1 Current Investment Deposits

Call Deposits	2 572 650	7 834 711
Total Current Investment Deposits	<u>2 572 650</u>	<u>7 834 711</u>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 2.5% to 3.95% per annum.

ABSA - Branch 632005 - Acc 4051455519	174 098	345 588
ABSA - Branch 632005 - Acc 4048776037	140 797	100 000
ABSA - Branch 632005 - Acc 1045170264	788 987	3 241 182
ABSA - Branch 632005 - Acc 1045180260	1 468 768	4 147 942
Total Current Investment Deposits	<u>2 572 650</u>	<u>7 834 711</u>

Deposits of R2 572 650 (2011: R7 834 711) are ring-fenced and attributable to Unspent Conditional Grants.

6.2 Bank Accounts

Cash in Bank	-	5 229 307
Bank Overdraft	(64 956)	-
Total Bank Accounts	<u>(64 956)</u>	<u>5 229 307</u>

The Municipality has the following bank accounts:

Primary Bank Account

ABSA Bank - Branch 632005 - Acc 2240000035

Cash book balance at beginning of year	5 229 307	(1 070 429)
Cash book balance at end of year	<u>(64 956)</u>	<u>5 229 307</u>

Bank statement balance at beginning of year	6 587 645	1 098 403
Bank statement balance at end of year	<u>1 835 296</u>	<u>6 587 645</u>

6.3 Cash and Cash Equivalents

Cash Floats and Advances	2 180	2 180
Total Cash on hand in Cash Floats, Advances and Equivalents	<u>2 180</u>	<u>2 180</u>

Petty Cash Bank Account

ABSA Bank - Branch 632005 - Acc 9266723639

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
Cash book balance at beginning of year	2 180	4 803
Cash book balance at end of year	<u>2 180</u>	<u>2 180</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>3 059</u>	<u>-</u>

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2012

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Leased Infra-structure	Total
	R	R	R	R	R	R
Carrying values at 01 July 2011	26 019 727	32 412 228	4 085 483	5 008 719	476 258	68 002 415
Cost	28 644 687	34 219 772	4 996 947	6 592 756	3 543 176	77 997 338
- Completed Assets	28 644 687	23 743 396	4 996 947	6 592 756	3 543 176	67 520 962
- Under Construction	-	10 476 376	-	-	-	10 476 376
Accumulated Depreciation:	(2 624 960)	(1 807 544)	(911 463)	(1 584 037)	(3 066 919)	(9 994 923)
- Cost	(2 624 960)	(1 807 544)	(911 463)	(1 584 037)	(3 066 919)	(9 994 923)
Acquisitions	2 812 352	5 335 461	-	1 788 514	-	9 936 327
Capital under Construction - Additions:	-	1 543 539	-	-	-	1 543 539
- Cost	-	1 543 539	-	-	-	1 543 539
Depreciation:	(366 264)	-	-	(1 182 823)	(409 533)	(1 958 621)
- Based on Cost	(366 264)	-	-	(1 182 823)	(409 533)	(1 958 621)
Carrying value of Disposals:	(3 119 182)	(37 747 689)	(4 085 483)	(924 903)	(24 228)	(45 901 485)
- Cost	(3 452 448)	-	(4 996 947)	(1 507 190)	(313 965)	(10 270 550)
- Under Construction	-	(39 555 233)	-	-	-	(39 555 233)
- Accumulated Depreciation	333 266	1 807 544	911 463	582 287	289 737	3 924 298
- Based on Cost	333 266	1 807 544	911 463	582 287	289 737	3 924 298
Carrying values at 30 June 2012	25 346 633	1 543 539	-	4 689 507	42 496	31 622 175
Cost	28 004 591	1 543 539	-	6 874 080	3 229 211	39 651 421
- Completed Assets	28 004 591	29 078 857	-	6 874 080	3 229 211	67 186 739
- Under Construction	-	(27 535 318)	-	-	-	(27 535 318)
Accumulated Depreciation:	(2 657 958)	-	-	(2 184 573)	(3 186 715)	(8 029 246)
- Cost	(2 657 958)	-	-	(2 184 573)	(3 186 715)	(8 029 246)

30 June 2011

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Leased Infra-structure	Total
	R	R	R	R	R	R
Carrying values at 01 July 2010	26 334 458	21 490 004	3 299 995	5 576 434	1 134 369	57 835 261
Cost	28 646 687	22 751 715	4 045 029	6 811 969	3 543 176	65 798 575
- Completed Assets	28 646 687	22 751 715	4 045 029	6 811 968.55	3 543 176	65 798 575
Accumulated Depreciation:	(2 312 229)	(1 261 710)	(745 034)	(1 235 534)	(2 408 807)	(7 963 314)
- Cost	(2 312 229)	(1 261 710)	(745 034)	(1 235 534)	(2 408 807)	(7 963 314)
Acquisitions	-	991 682	951 918	2 030 337	-	3 973 937
Capital under Construction - Additions:	-	10 476 376	-	-	-	10 476 376
- Cost	-	10 476 376	-	-	-	10 476 376
Depreciation:	(312 731)	(545 834)	(166 429)	(1 216 243)	(658 112)	(2 899 349)
- Based on Cost	(312 731)	(545 834)	(166 429)	(1 216 243)	(658 112)	(2 899 349)
Carrying value of Disposals:	-	-	-	(1 381 810)	-	(1 381 810)
- Cost	-	-	-	(2 249 550)	-	(2 249 550)
- Accumulated Depreciation	-	-	-	867 740	-	867 740
- Based on Cost	-	-	-	867 740	-	867 740
Other Movements	(2 000)	-	-	-	-	(2 000)
- Cost	(2 000)	-	-	-	-	(2 000)
Carrying values at 30 June 2011	26 019 727	32 412 228	4 085 483	5 008 719	476 258	68 002 415
Cost	28 644 687	34 219 772	4 996 947	6 592 756	3 543 176	77 997 338
- Completed Assets	28 644 687	23 743 396	4 996 947	6 592 756	3 543 176	67 520 962
- Under Construction	-	10 476 376	-	-	-	10 476 376
Accumulated Depreciation:	(2 624 960)	(1 807 544)	(911 463)	(1 584 037)	(3 066 919)	(9 994 923)
- Cost	(2 624 960)	(1 807 544)	(911 463)	(1 584 037)	(3 066 919)	(9 994 923)

Property, Plant and Equipment has been restated to disclose the PPE in the 2011 Financial Statements. Refer to Note 35 on 'Correction of Error for details of the restatement.

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

7.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

7.2 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year.

7.3 Assets pledged as security

The municipality did not pledge any of its assets as security.

7.4 Impairment of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of Property, Plant and Equipment have been physically damaged, stolen or have become redundant and idle.

7.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

A change in the estimated useful life of various assets of the municipality has resulted in the following increases in depreciation for the mentioned departments for the financial year 2011/2012:

Admin	(5 243)	-
Council	(3 704)	-
Council Administration	(87)	-
Council services	(287)	-
Enviromental Helath	(3 751)	-
Finance	(14 774)	-
Housing Unit	(3 796)	-
Information Technologies	(12 243)	-
Internal Audit	(12 546)	-
Municipal Manager	(2 147)	-
Municipal Support	(4 846)	-
Personel Servoces	(6 814)	-
Planning and Development	(2 692)	-
Properties	(5 054)	-
Roads Department	(3 587)	-
Security Services	(576)	-
Technical Department	(1 982)	-
Tourism/ LED	(1 013)	-
Vehicles	(5 090)	-
Total Change in Estimate for Useful Life of Property, Plant and Equipment	(90 230)	-

7.6 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

7.7 Compensation received for Losses

Compensation, included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year:

Compensation received from responsible employees	408	-
Carrying value of lost assets	(408)	-
Surplus / (Deficit) on Compensation received for Lost PPE	-	-

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
8 INTANGIBLE ASSETS		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	193 654	224 654
The movement in Intangible Assets is reconciled as follows:		
	Computer Software	Total
Carrying values at 01 July 2011	224 654	224 654
Cost	537 602	537 602
Accumulated Amortisation	(312 948)	(312 948)
Acquisitions:	165 637	165 637
Purchased	165 637	165 637
Internally Developed	-	-
Amortisation:	(196 637)	(196 637)
Purchased	(196 637)	(196 637)
Internally Developed	-	-
Disposals:	-	-
At Cost	(408 300)	(408 300)
At Accumulated Amortisation	408 300	408 300
Transfers:	-	(0)
At Cost	-	(0)
At Accumulated Amortisation	-	(0)
Carrying values at 30 June 2012	193 654	193 654
Cost	294 940	294 940
Accumulated Amortisation	(101 285)	(101 285)
	Computer Software	Total
Carrying values at 01 July 2010	299 502	299 502
Cost	439 689	439 689
Accumulated Amortisation	(140 187)	(140 187)
Acquisitions:	97 913	97 913
Purchased	97 913	97 913
Internally Developed	-	-
Amortisation:	(172 761)	(172 761)
Purchased	(172 761)	(172 761)
Internally Developed	-	-
Disposals:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Transfers:	-	-
At Cost	-	-
At Accumulated Amortisation	-	-
Carrying values at 30 June 2011	224 654	224 654
Cost	537 602	537 602
Accumulated Amortisation	(312 948)	(312 948)

Intangible Assets have been restated to disclose the correct figures in the 2011 Financial Statements. Refer to Note 35 on 'Correction of Error for details of the restatement.

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 26).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

Refer to Appendix "B" for more detail on Intangible Assets.

8.1 Significant Intangible Assets

The municipality's intangible assets only comprise of computer related software.

8.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

8.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

9 FINANCE LEASE RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2012			
Housing Selling Scheme Loans	122 368	-	122 368
	<u>122 368</u>	<u>-</u>	<u>122 368</u>
Less: Current Portion transferred to Current Receivables:-			13 151
Housing Selling Scheme Loans			<u>13 151</u>
Total Long-term Receivables			<u>109 216</u>
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2011			
Housing Selling Scheme Loans	134 879	-	134 879
	<u>134 879</u>	<u>-</u>	<u>134 879</u>
Less: Current Portion transferred to Current Receivables:-			12 511
Housing Selling Scheme Loans			<u>12 511</u>
Total Finance Lease Receivables			<u>122 368</u>

HOUSING SELLING SCHEME LOANS

Loans were granted to the tenants of low cost housing erected by the municipality with funds provided by the State, in order to enable them to purchase the houses they previously rented from the municipality. Loans are repaid over a period of twenty years and at an interest rate of 5% per annum.

9.1 Leasing Arrangements

The municipality entered into finance Leasing Arrangements house selling scheme loans. All leases are denominated in Currency Units. The average term of Finance Leases entered into is twenty years.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**

9.2 Amounts receivable under Finance Leases

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2012	2011	2012	2011
	R	R	R	R
Within one year	18 971	18 971	18 971	18 971
In the second to fifth years, inclusive	75 884	75 884	75 884	75 884
Over five years	162 026	181 049	162 026	181 049
	<u>256 880</u>	<u>275 903</u>	<u>256 880</u>	<u>275 903</u>
Less: Unearned Finance Income	<u>134 513</u>	<u>141 025</u>	<u>134 513</u>	<u>141 025</u>
Present Value of Minimum Lease Payments Receivable	122 368	134 879	122 368	134 879
Provision for Uncollectable Lease Receivables	-	-	-	-
Total Finance Lease Receivables	<u>122 368</u>	<u>134 879</u>	<u>122 368</u>	<u>134 879</u>
Unearned Finance Income			<u>-</u>	<u>-</u>
Included in the Annual Financial Statements as:				
Non-current Finance Lease Receivables			122 368	134 879
Total Finance Lease Receivables			<u>122 368</u>	<u>134 879</u>

The interest rate inherent in the leases are fixed at the contract date of the entire lease term. The average effective interest rate contracted is approximately 5% (2011: 5%) per annum.

Management of the municipality is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Finance Lease Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

10 PROVISIONS

Performance Bonuses	445 336	469 587
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 15)	1 180 908	1 115 700
Current Portion of Non-Current Provisions (See Note 16):	52 582	342 701
Long-term Service	52 582	91 551
Rehabilitation of Land-fill Sites	-	251 150
Total Provisions	<u>1 678 826</u>	<u>1 927 988</u>

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The movement in provisions are reconciled as follows:

Current Provisions:

Performance Bonuses:

Balance at beginning of year	469 587	-
Contributions to provision	(24 251)	469 587
Expenditure incurred	-	-
Balance at end of year	<u>445 336</u>	<u>469 587</u>

Current Portion of Non-Current Provisions:

	Land-fill Sites	Long-term Service	Post-retirement
	R	R	R

30 June 2012

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
Balance at beginning of year	251 150	91 551	1 115 700
Transfer from non-current	(251 150)	(38 969)	65 208
Contributions to provision	-	-	-
Expenditure incurred	-	-	-
Reduction due to re-measurement	-	-	-
Balance at end of year	<u>-</u>	<u>52 582</u>	<u>1 180 908</u>

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011	
	Land-fill Sites	Long-term Service	Post-retirement
	R	R	R
30 June 2011			
Balance at beginning of year	218 391	108 558	1 069 200
Transfer from non-current	32 759	(17 007)	46 500
Contributions to provision	-	-	-
Expenditure incurred	-	-	-
Reduction due to re-measurement	-	-	-
Balance at end of year	251 150	91 551	1 115 700
11 PAYABLES			
Trade Creditors		2 506 773	565 518
Retentions		633 985	1 206 566
Staff Leave Accrued		1 303 427	1 056 295
Other Creditors		18 688	-
Total Creditors		4 462 872	2 828 379
12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
12.1 Conditional Grants from Government		6 228 402	8 115 234
National Government Grants		1 308 321	4 061 757
Provincial Government Grants		4 920 081	4 053 478
12.2 Other Conditional Receipts		-	-
Public Contributions		-	-
Total Conditional Grants and Receipts		6 228 402	8 115 234
Unspent Conditional Grants and Receipts have been restated to correctly classify the Municipal Infrastructure Grant (MIG), previously included in Amounts to be surrendered. Refer to Note 35 on 'Correction of Error' for details of the restatement.			
The Unspent Grants are cashbacked by VAT Receivables and Cash and Cash equivalents.			
See Note 19 for the reconciliation of Grants from Government Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.			
Refer to Appendix "F" for more detail on Conditional Grants.			
13 OPERATING LEASE LIABILITIES			
Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. No liability existed at 30 June as none of the contracts has any escalation clauses.			
14 LONG-TERM LIABILITIES			
Annuity Loans		3 545 688	4 438 365
Finance Lease Liabilities		54 012	619 405
Sub-total		3 599 701	5 057 769
Less: Current Portion transferred to Current Liabilities:-		1 025 498	1 450 836
Annuity Loans		975 645	885 444
Finance Lease Liabilities		49 853	565 392
Total Long-term Liabilities (Neither past due, nor impaired)		2 574 203	3 606 933

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

14.1 Summary of Arrangements

Annuity Loans are repaid over a period of 20 years (2011: 20 years) and at an interest rate of 10% (2011: 10%) per annum. The Annuity Loan is not secured.

Finance Lease Liabilities relates to Office Equipment with lease terms of 2 - 5 years (2011: 2 - 5 years). The effective interest rate on Finance Leases is between 11% and 15.50% (2010: 11% to 15.50%). Capitalised Lease Liabilities are secured over the items leased.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

14.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Lease Liabilities relates to Office Equipment with lease terms of 2 - 5 years (2011: 2 - 5 years). The effective interest rate on Finance Leases is between 11% and 15.50% (2010: 11% to 15.50%).

The risks and rewards of ownership in respect of the Property, Plant and Equipment will transfer to the municipality at the conclusion of the agreement.

The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2012 R	2011 R	2012 R	2011 R
Amounts payable under finance leases:				
Within one year	54 664	609 854	54 664	609 854
In the second to fifth years, inclusive	4 216	58 880	4 216	58 880
Over five years	-	-	-	-
	<u>58 880</u>	<u>668 734</u>	<u>58 880</u>	<u>668 734</u>
Less: Future Finance Obligations	4 867	49 329	4 867	49 329
Present Value of Minimum Lease Obligations	<u>54 012</u>	<u>619 405</u>	<u>54 012</u>	<u>619 405</u>
Less: Amounts due for settlement within 12 months (Current Portion)			(49 853)	(565 392)
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			<u>4 160</u>	<u>54 012</u>

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment
- Vehicles

Included in these classes are the following significant leases:

(i) Office Equipment	R 4 160	R 54 012
- Installments are payable monthly in advance		
- Average period outstanding	7 months	11.50 months
- Average effective interest rate	12.94%	12.94%
- Average monthly instalment	R 4 146.61	R 7 470.96

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
15 RETIREMENT BENEFIT LIABILITIES		
15.1 Post-retirement Health Care Benefits Liability		
Balance at beginning of Year	17 370 673	17 364 098
Contributions to Provision	1 253 179	6 575
Expenditure incurred	-	-
Balance at end of Year	<u>18 623 852</u>	<u>17 370 673</u>
Transfer to Current Provisions	(1 180 908)	(1 115 700)
Total Post-retirement Health Care Benefits Liability	<u>17 442 944</u>	<u>16 254 973</u>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

Continuation Members (Retirees, widowers and orphans)	34	34
Total Members	<u>34</u>	<u>34</u>

The liability in respect of past service has been estimated as follows:

Continuation Members	18 632 852	17 370 673
Total Liability	<u>18 632 852</u>	<u>17 370 673</u>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Keyhealth
- LA Health

The Current-service Cost for the year ending 30 June 2012 is estimated to be R1 416 615, whereas the cost for the ensuing year is estimated to be R1 302 533 (30 June 2011: R1 495 968 and R1 384 465 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	7.22%	10.97%
Health Care Cost Inflation Rate	6.50%	9.03%
Net Effective Discount Rate	0.68%	1.78%
Expected Rate of Salary Increase	6.50%	6.00%
Expected Retirement Age - Females	66	66
Expected Retirement Age - Males	68	66

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	17 370 673	17 364 097
Interest cost	1 416 615	1 495 968
Benefits paid	(1 115 700)	(1 069 200)
Actuarial losses / (gains)	952 264	(420 192)
Present Value of Fund Obligation at the end of the Year	<u>18 623 852</u>	<u>17 370 673</u>
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	<u>18 623 852</u>	<u>17 370 673</u>

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	18 623 852	17 370 673
Fair value of plan assets	-	-
	<u>18 623 852</u>	<u>17 370 673</u>
Present value of unfunded obligations	-	-
	<u>18 623 852</u>	<u>17 370 673</u>
Unfunded Accrued Liability	18 623 852	17 370 673
Unrecognised Actuarial Gains / (Losses)	-	-
Total Benefit Liability	<u>18 623 852</u>	<u>17 370 673</u>

The amounts recognised in the Statement of Financial Performance are as follows:

Interest cost	1 416 615	1 495 968
Expected return on reimbursement rights	(1 115 700)	(1 069 200)
Actuarial losses / (gains)	952 264	(420 193)
Total Post-retirement Benefit included in Employee Related Costs (Note 24)	<u>1 253 179</u>	<u>6 575</u>

The history of experienced adjustments is as follows:

	2012	2011	2010	2009	2008
	R	R	R	R	R
Present Value of Defined Benefit Obligation	18 623 852	17 370 673	17 364 097	15 879 335	16 608 911
Fair Value of Plan Assets	-	-	-	-	-
Deficit	<u>18 623 852</u>	<u>17 370 673</u>	<u>17 364 097</u>	<u>15 879 335</u>	<u>16 608 911</u>

Experienced adjustments on Plan Liabilities	(93 000)	(425 000)	-	-	-
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In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	1 593 400	21 161 200
Effect on the defined benefit obligation	20 891 000	19 470 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(1 266 800)	14 258 900
Effect on the defined benefit obligation	(16 707 000)	15 591 000

The municipality expects to make a contribution of R1 180 908 (2011: R1 115 700) to the Defined Benefit Plans during the next financial year.

The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2008 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2008.

Refer to Note 42, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
16 NON-CURRENT PROVISIONS		
Provision for Long Service Awards	942 209	730 121
Provision for Rehabilitation of Land-fill Sites	-	5 274 152
Total Non-current Provisions	942 209	6 004 273

The movement in Non-current Provisions are reconciled as follows:

	Long-service Awards R	Land-fill Sites R
30 June 2012		
Balance at beginning of year	821 672	5 525 302
Contributions to provision	173 119	(5 525 302)
Increase due to discounting	-	-
Expenditure incurred	-	-
Reduction due to re-measurement	-	-
	994 791	-
Transfer to current provisions	(52 582)	-
Balance at end of year	942 209	-
	Long-service Awards R	Land-fill Sites R
30 June 2011		
Balance at beginning of year	1 189 497	5 023 002
Contributions to provision	(367 825)	502 300
Increase due to discounting	-	-
Expenditure incurred	-	-
Reduction due to re-measurement	-	-
	821 672	5 525 302
Transfer to current provisions	(91 551)	(251 150)
Balance at end of year	730 121	5 274 152

16.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2012 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 86 (2011: 89) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2012 is estimated to be R663 240, whereas the cost for the ensuing year is estimated to be R799 362 (30 June 2011: R106,920 and R93,129 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	6.52%	7.82%
Cost Inflation Rate		
Net Effective Discount Rate	0.53%	1.45%
Expected Rate of Salary Increase	5.96%	6.28%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	58	63

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	821 672	1 189 497
Current service costs	98 250	106 694
Interest cost	60 727	106 920
Benefits paid	(91 551)	(163 499)
Actuarial losses / (gains)	105 693	(417 940)
Present Value of Fund Obligation at the end of the Year	994 791	821 672
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	994 791	821 672
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	994 791	821 672
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	994 791	821 672
Actuarial gains / (losses) not recognised	-	-
Total Benefit Liability	994 791	821 672
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	98 250	106 694
Interest cost	60 727	106 920
Expected return on reimbursement rights	(91 551)	(163 499)
Actuarial losses / (gains)	105 693	(417 940)
Total Post-retirement Benefit included in Employee Related Costs (Note 24)	173 119	(367 825)

The history of experienced adjustments is as follows:

	2012 R	2011 R	2010 R	2009 R	2008 R
Present Value of Defined Benefit Obligation	994 791	821 672	1 189 497	1 107 940	-
Deficit	994 791	821 672	1 189 497	1 107 940	-
Experienced adjustments on Plan Liabilities	38 977	(540 114)	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2009 reporting period.

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	169 910	1 099 171
Effect on the defined benefit obligation	1 064 000	875 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(149 173)	569 009
Effect on the defined benefit obligation	(932 000)	773 000

The municipality expects to make a contribution of R52 582 (2011: R91,551) to the defined benefit plans during the next financial year.

The transitional Defined Benefit Liabilities for Long Service Awards have been recognised in the Annual Financial Statements of the municipality as at 30 June 2008 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2008.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

16.2 Rehabilitation of Land-fill Sites

The municipality has not incurred rehabilitation costs in 2012 (2011: R5,525,302.95) to restore the site at the end of its useful life due to the fact that the Landfill Sites were transferred to other municipalities. No provision has been made for the net present value in the current financial year.

17 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus / (Deficit) due to the results of Operations	6 463 888	48 214 533
Total Accumulated Surplus	6 463 888	48 214 533

Accumulated Surplus has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Note 35.1 ('Correction of error') for details of the restatements.

Reclassification of Assets - Note 35.1

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

18 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2012 R000's	July 2011 R000's	2012 R	2011 R
Residential	-	500	-	3 200
Commercial	-	2 290	-	21 755
Residential & Commercial	-	-	-	-
Industrial	-	-	-	-
Agricultural	-	3 622 331	-	1 835 639
State	-	480	-	17 600
Municipal	-	901	-	-
Educational	-	-	-	-
Institutional	-	-	-	-
Exempted Properties	-	5 469	-	(170 195)
Total Property Rates	-	3 631 971	-	1 707 999
Attributable to:				
Continuing Operations			-	1 707 999
Discontinued Operations			-	-
			-	1 707 999

No Assessment Rates existed at 30 June 2012 because Assessment Rates were transferred to Local Municipalities..

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2009.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
19 GOVERNMENT GRANTS AND SUBSIDIES		
National Equitable Share	39 553 000	43 532 206
Operational Grants	39 553 000	43 532 206
Conditional Grants	12 637 737	22 351 061
Provincial: COGHSTA DRD Waterpipeline Grant	2 335 905	10 083 168
Provincial: DWA Waterpipeline Grant	2 691 861	66 376
Provincial: Housing Accreditation DPLG National	1 689 566	1 128 150
National: FMG	1 250 000	1 000 000
National: MIG	2 753 436	3 116 244
National: MSIG	790 000	750 000
Other Grants	1 126 969	6 207 123
Total Government Grants and Subsidies	52 190 737	65 883 267
Attributable to:		
Continuing Operations	52 190 737	65 883 267
Discontinued Operations	-	-
	52 190 737	65 883 267
Operational Grants:		
19.1 National: Equitable Share	39 553 000	43 532 206
<p>In terms of the Constitution, this grant was used in the 2011 financial year under review to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R130, based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and 50 kWh electricity free every month.</p> <p>In the current financial year the grant was used for operational expenses.</p>		
Conditional Grants:		
19.2 National: FMG Grant		
Balance unspent at beginning of year	-	-
Current year receipts	1 250 000	1 000 000
Conditions met - transferred to Revenue: Operating Expenses	(1 250 000)	(1 000 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 12)	-	-
<p>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the municipality.</p>		
19.3 National: MIG Funds		
Balance unspent at beginning of year	4 061 757	265 000
Current year receipts	-	6 913 000
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(2 753 436)	(3 116 244)
Other Transfers (Amounts to be surrendered - see Note 11)	-	-
Conditions still to be met - transferred to Liabilities (see Note 12)	1 308 321	4 061 757

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads and sewerage infrastructure, to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities as part of the upgrading of previously disadvantaged areas. No funds have been withheld.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**

19.4 National: MSIG Funds

Balance unspent at beginning of year	-	-
Current year receipts	790 000	750 000
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(790 000)	(750 000)
Conditions still to be met - transferred to Liabilities (see Note 12)	<u>-</u>	<u>-</u>

The Municipal Systems Improvement Grant is allocated to assist the municipality in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislation, policies and local government turnaround strategy. No funds have been withheld.

19.5 Provincial: DWA Water pipeline RVM Mission

Balance unspent at beginning of year	-	-
Current year receipts	3 068 721	66 376
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(2 691 861)	(66 376)
Conditions still to be met - transferred to Liabilities (see Note 12)	<u>376 860</u>	<u>-</u>

The purpose of this grant was for the erection of Bulk water supply at Riemvasmaak Sending to provide water to the community.

19.6 Other Grants

Balance unspent at beginning of year	3 523 278	1 947 198
Current year receipts	2 146 913	7 783 202
Conditions met - transferred to Revenue: Operating Expenses	(1 126 969)	(6 207 123)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 12)	<u>4 543 221</u>	<u>3 523 278</u>

This grant was used to improve sewerage and water infrastructure as part of the upgrading of informal settlement areas. Funds received for example implementation readiness study for Riemvasmaak Mission Water pipeline. No funds have been withheld.

19.7 Provincial: COGHSTA - DRD Water pipeline RVM Mission

Balance overspent at beginning of year	(922 553)	-
Current year receipts	3 037 907	9 160 615
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(2 335 905)	(10 083 168)
Grant overspent. Awaiting reimbursement from DRD - transferred to Receivable (see Note 4)	<u>(220 551)</u>	<u>(922 553)</u>

The purpose of this grant was for the erection of Bulk water supply at Riemvasmaak Sending to provide water to the community.

19.8 Provincial: Housing Accreditation DPLG National

Balance unspent at beginning of year	(429 900)	-
Current year receipts	948 500	698 250
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(1 689 566)	(1 128 150)
Grant overspent - transferred to Receivable (see Note 4)	<u>(1 170 967)</u>	<u>(429 900)</u>

The purpose of this grant was to allow the municipality to build capacity in-house for the performing of the housing function.

20 SERVICE CHARGES

Sale of Water	-	49 739
Sewerage and Sanitation Charges	-	17 957
Total Service Charges	<u>-</u>	<u>67 696</u>
Attributable to:		
Continuing Operations	-	67 696
	<u>-</u>	<u>67 696</u>

Service charges were transferred to Local Municipalities.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

The 2011 amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
21 RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Other Facilities	8 625	60 059
Total Rental of Facilities and Equipment	8 625	60 059
Attributable to:		
Continuing Operations	8 625	60 059
	8 625	60 059
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.		
22 INTEREST EARNED		
External Investments:		
Investments and Bank Account	529 336	751 962
	529 336	751 962
Outstanding Debtors:		
Finance Leases	6 460	7 069
	6 460	7 069
Total Interest Earned	535 796	759 031
Interest Earned have been restated to correctly classify the interest earned on Finance Lease Receivables. Refer to Note 35 on 'Correction of Error' for details of the restatement.		
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	529 336	751 962
Loans and Receivables	6 460	7 069
	535 796	759 031
Interest Earned on Non-financial Assets	-	-
	535 796	759 031
Revenue recognised in respect of Financial Assets designated as at 'fair value' is disclosed in Note 41.		
23 OTHER REVENUE		
MIG Admin Fee	345 665	-
Admin Revenue	527 010	70 922
NC receipt	-	100 000
Clearances	1 647	4 116
Commission - Insurance	19 647	28 587
Fines - Regional Levies	-	1 842
Map Copies	-	647
Monies sundries	-	661
Movement in Inventory	-	5 971
Transfer of Provision for Landfill Sites rehabilitation	-	-
Tender Deposits	9 472	7 100
VAT Claimable	1 417 355	-
Photostatic copies	-	1 526
VAT recovery	307 460	5 297 079
Total Other Revenue	2 628 256	5 518 451
		18 970.93
Attributable to:		
Continuing Operations	2 628 256	5 518 451
Discontinued Operations - Transfer of Landfill Sites to Local Municipalities	-	-
	2 628 256	5 518 451

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
24 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	20 241 975	16 454 893
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	4 732 129	5 614 845
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	2 832 564	2 199 482
Housing Benefits and Allowances	245 441	370 488
Overtime Payments	71 571	48 985
Performance Bonuses	342 910	751 597
Defined Benefit Plan Expense:	1 426 298	(361 250)
Net Actuarial (gains)/losses recognised	1 426 298	(361 250)
Total Employee Related Costs	29 892 888	25 079 040
Attributable to:		
Continuing Operations	29 892 888	25 079 040
	29 892 888	25 079 040
Remuneration of Section 57 Employees:		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	729 000	729 000
Performance Bonus	113 287	87 010
Car and Other Allowances	256 766	205 297
Company Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	1 100 551	1 022 804
<i>Remuneration of the Chief Financial Officer</i>		
Annual Remuneration	120 000	275 600
Performance Bonus	84 625	65 000
Bonus	75 000	50 000
Car Allowance	477 599	301 428
Company Contributions to UIF, Medical and Pension Funds	55 278	79 350
Housing	15 600	-
Total	828 101	771 378
<i>Remuneration of the Manager: Corporate Services</i>		
Annual Remuneration	471 598	506 049
Performance Bonus	84 625	65 000
Car Allowance	216 000	216 000
Company Contributions to UIF, Medical and Pension Funds	1 497	1 497
Bonus	39 296	-
Housing	15 600	-
Total	828 616	788 547
<i>Remuneration of the Manager: Technical Services</i>		
Annual Remuneration	188 500	453 600
Performance Bonus	84 625	65 000
Car Allowance	66 348	144 570
Company Contributions to UIF, Medical and Pension Funds	46 725	108 291
Housing	6 500	-
Leave Payout	31 008	-
Total	423 705	771 461
The following compensation was payable to key management personnel in terms of IAS 19 as at 30 June:		
Staff Leave Benefits:-		
Municipal Manager	61 236.00	64 152
Director: Finance	20 640.00	18 720
Director: Corporate Services	22 432.32	54 764
Director: Technical Services	75 448.00	24 528

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
Total	179 756	162 164
25 REMUNERATION OF COUNCILLORS		
Mayor	616 259	581 162
Speaker	489 515	465 060
Executive Committee Members	712 039	363 620
Councillors	860 342	1 102 284
Total Councillors' Remuneration	2 678 154	2 512 126
<i>In-kind Benefits</i>		
The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.		
Councillors may utilise official Council transportation when engaged in official duties.		
The Executive Mayor and Deputy Executive Mayor have use of Council owned vehicles for official duties.		
The Executive Mayor has two full-time bodyguards.		
26 DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	1 958 621	2 899 349
Amortisation: Intangible Assets	196 637	172 761
Depreciation: Investment Property	-	-
Total Depreciation and Amortisation	2 155 258	3 072 110
Attributable to:		
Continuing Operations	2 155 258	3 072 110
	2 155 258	3 072 110
27 IMPAIRMENT LOSSES		
27.1 Impairment Losses on Financial Assets		
Impairment Losses Recognised (written off during the current year):	1 638 616	1 917 210
Receivables from Exchange Transactions	-	257 738
Receivables from Non-exchange Transactions	1 638 616	1 659 472
Movement in the Provision for Receivables from Non-exchange Transactions:	(987 820)	-
Receivables from Non-exchange Transactions	(987 820)	-
	650 796	1 917 210
Total Impairment Losses	650 796	1 917 210
Attributable to:		
Continuing Operations	-	1 917 210
Discontinued Operations - Transfer of Receivables from Non-exchange Transactions	650 796	-
	650 796	1 917 210

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
28 FINANCE COSTS		
Finance Leases	76 463	154 143
Landfill Provision	-	64 294
Loans and Payables at amortised cost	411 413	545 871
Total Interest Expense	<u>487 876</u>	<u>764 308</u>
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Interest Paid on External Borrowings	<u>487 876</u>	<u>764 308</u>
Attributable to:		
Continuing Operations	487 876	764 308
	<u>487 876</u>	<u>764 308</u>
29 CONTRACTED SERVICES		
Professional Fees	3 112 372	2 072 361
Total Contracted Services	<u>3 112 372</u>	<u>2 072 361</u>
30 GRANTS AND SUBSIDIES PAID		
Conditional Grants Paid	2 790 627	5 850 780
Total Grants and Subsidies	<u>2 790 627</u>	<u>5 850 780</u>
Grants and Subsidies Paid have been restated to correctly reclassify Grants and Subsidies paid out of General Expenses. Refer to Note 35 on 'Correction of Error' for details of the restatement.		
These expenditure were incurred in respect of operational conditional grants, ex.FMG and MSIG, and internal projects launched by council at disadvantage communities		
31 GENERAL EXPENSES		
Included in General Expenses are the following:		
External Audit Fees	2 217 436	3 121 548
Accounting	505 618	272 051
Advertisements	174 269	136 662
Bank charges	71 611	102 356
Bouquets	5 957	3 796
Brochures	38 085	30 744
Clean town campaign	2 228	6 226
Cleaning materials	22 874	40 503
Cleaning projects	-	50 000
Cleaning Services	65 472	76 960
Communication Costs	-	17 457
Community Service	2 618	16 181
Compensation Commissioner	106 741	187 031
Congress	41 330	32 030
Consumeables	158 919	168 615
Contracts	216 846	245 645
Courses	600	3 225
Disaster management	218 593	149 207
Donations	7 000	7 000
Elections	23 499	76 657
Electricity	325 817	546 381
Engineering Services	-	336 361
Entertainment Costs	327 719	311 686
Fuel and Oil	753 512	797 456
Gas	-	39 572

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
Hall hire	-	1 340
Information Technology	56 723	1 489
Insurance	346 206	418 114
Internal audit	-	374 662
Internet Charges	430 677	290 720
Job creation	28 935	26 503
Legal Fees	113 414	180 371
License Fees	15 304	10 863
Material	-	44 412
Mayoral Funds	893 280	409 928
Medical examinations	-	8 172
Membership Fees	497 995	212 647
Obsolete stock and stock losses	-	16 456
Operating project	249 897	2 680 099
Parts	14 449	534 880
Performance management	209 784	202 267
Postage Fees	30 962	17 640
Printing & Stationary	315 330	318 238
Property rates	96 055	64 393
Protective Clothing	6 413	48 091
Radios	1 280	-
Refreshments	16 970	26 512
Refuse bags	-	12 562
Rental of assets	787 425	774 456
Sanitation and sewerage	66 914	47 604
Special programmes	-	61 771
Specimen analysis	2 209	26 765
Study aid	22 190	75 097
Subsistence Allowance	1 254 440	950 086
Sundry Expenses	378 775	(53 793)
Telephone	694 761	988 197
Tourism	9 347	156 089
Training	239 988	480 486
Translation services	30 855	40 630
Transport of water	-	486 318
Travel Costs	1 450 991	1 061 506
Uniforms	34 632	10 272
Vehicle expenses	42 631	402 368
Water costs	30 626	32 029
Youth development	47 030	95 000
Total General Expenses	13 703 229	18 310 588

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

No other extra-ordinary expenses were incurred.

32 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Losses with disposal of PPE	207 286	-
Losses on write-offs	93 157	-
Losses on Transfer of PPE to Local Municipalities	45 601 042	-
Net Other Losses	45 901 485	(0)
Attributable to:		
Continuing Operations	300 443	-
Discontinued Operations - Transfer of PPE	45 601 042	-
	45 901 485	-

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

33 DISCONTINUED OPERATIONS

33.1 Provision for Rehabilitation of Landfill Sites

Landfill Sites (Riemvasmaak: Vredesvallei and Sending) have been transferred to Kai Garib Municipality on 1 July 2011 in terms of Proclamation 15/2010 Provincial Gazette dated 4 February 2010.
 Landfill Sites (Swartkopdam) have been transferred to Mier Municipality on 1 July 2011 in terms of Proclamation 14/2010 Provincial Gazette dated 4 February 2010.

33.2 Property, Plant and Equipment

Property, Plant and Equipment (Riemvasmaak: Vredesvallei and Sending) have been transferred to Kai Garib Municipality on 1 July 2011 in terms of Proclamation 15/2010 Provincial Gazette dated 4 February 2010.
 Property, Plant and Equipment (Swartkopdam) have been transferred to Mier Municipality on 1 July 2011 in terms of Proclamation 14/2010 Provincial Gazette dated 4 February 2010.

33.3 Receivables from Non-exchange Transactions

The DMA Property Rates / Valuation rolls have been transferred in term of Proclamation 10/2010 dated 4/2/2010 to Kheis Municipality , Proclamation 11 dated 4/2/2010 to Khara Hais Municipality, Proclamation 14 dated 4/2/2010 to Mier Municipality, Proclamation 15/2010 dated 4/8/2010 to Kai garib Municipality.

	Landfill Sites	Property, Plant and Equipment	Receivables from Non-exchange Transactions	Total
	R	R	R	R
30 June 2012				
REVENUE				
Other Income	5 525 302	-	-	5 525 302
Total Income	5 525 302	-	-	5 525 302
LESS: EXPENDITURE		45 601 042	650 796	46 251 838
Impairment Losses	-	-	650 796	650 796
Loss on Disposal of Property, Plant and Equipment	-	45 601 042	-	45 601 042
	5 525 302	(45 601 042)	(650 796)	(40 726 536)
Gain / (Loss) on remeasurement to Fair Value, less Costs to Sell		-	-	-
Gain / (Loss) on disposal of Operation		-	-	-
Net Surplus/(Deficit) from Discontinued Operations		(45 601 042)	(650 796)	(40 726 536)

34 CHANGE IN ACCOUNTING POLICY

The municipality adopted no Accounting Standards for the first time during the financial year 2011/2012 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
35 CORRECTION OF ERROR		
Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.		
Details of the appropriations are as follows:	2012	2011
Opening balance surplus account	-	30 890 331
Correction of Finance Lease Receivable - 2010		146 781
Correction of Receivables from Exchange Transactions - 2010		3 488
Published Surplus / (deficit) for the year 2010/2011	-	14 513 518
Unappropriated Surplus Account:		
Correction of Intangible Assets	-	(14 584)
Correction of Petty Cash	-	1 864
Correction of PPE	-	2 924 041
Correction of Unspent Conditional Grant	-	43 964
Correction of Performance Bonus	-	(469 587)
Correction of Trade Creditors	-	47 152
Correction of Finance Lease Receivable	-	(11 902)
Correction of Retention	-	84 301
Correction of Receivables from Exchange Transactions	-	55 167
Increase / (Decrease) in Unappropriated Surplus Account	-	2 660 416
Closing balance Surplus Account		48 211 045
Government Grants Reserve:		
Interest reversed from Government Grant Reserve	-	-
Increase / (Decrease) in Government Grants Reserve		
Increase / (Decrease) in Accumulated Surplus Account		2 660 416

Nature

Intangibles Assets

During the 2010/2011 audit the auditors identified Intangible Asset values included VAT.
During the preparation of the 2011/2012 annual financial statements it was noted that the usefull lives used for amortisation were incorrect.
The asset register and AFS were corrected to account for the issues above.

Petty Cash

During the preparation of the 2011/2012 annual financial statements it was noted that the 30 June 2011 Petty cash balance was not balancing with the supporting evidence. The balance was adjusted in accordance with GRAP.

PPE

During the preparation of the 2011/2012 annual financial statements it was noted that the usefull lives used for depreciation were incorrect in the prior year.
Asset were also incorrectly included in the prior year asset register.
The asset register and AFS were corrected to account for the issues above.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

Unspent Conditional Grant

Unspent Conditional Grant not transferred to revenue in 2010/2011 financial year.

Performance Bonus

Performance Bonuses were incorrectly recognised in the 2010/2011 financial year as a contingent liability. A constructive obligation exist at year end, therefore a provision has been raised.

Creditors

Shadow transactions were created by SAMRAS in the 2011/2012 equity votes which relates to transactions in 2010/2011.

Incorrect accruals were recognised in the the 2010/2011 financial year due to orders from prior years created in the the financial system of the municipality.

Shadow Transactions were created in the the 2010/2011 financial year due to outstanding orders from prior years. These shadow transactions were rolled-over by the system to the 2011/2012 financial year.

During the preparation of the 2011/2012 annual financial statements it was noted that the 30 June 2011 Accrual balance was not balancing with the supporting evidence. The balance was adjusted in accordance with GRAP.

Finance Lease Receivable

Finance lease receivables were not accounted for in the prior financial years. Therefore the interest provision was overstated in prior years.

Retention Monies

During the preparation of the 2011/2012 annual financial statements the retention monies of HB Bouers held back were corrected.

Receivables from Exchange Transactions

During the preparation of the 2011/2012 annual financial statements the retention monies of HB Bouers held back were corrected.

34.1 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	2010/2011 Expenditure	Adjustment	Restated Amount
Government Grants and Subsidies Received	(65 839 302)	(43 964)	(65 883 266)
Other Income	(5 518 451)	18 971	(5 499 480)
Loss with sale of Assets	528 859	(2 858 664)	(2 329 805)
Interest Earned - Outstanding Debtors	-	(7 069)	(7 069)
	<u>(70 828 895)</u>	<u>(2 890 726)</u>	<u>(73 719 620)</u>

Nature

Government Grants and Subsidies Received

Unspent Conditional Grant not transferred to revenue in 2010/2011 financial year.

Other Income and Interest Earned - Outstanding Debtors

Finance lease receivables were not accounted for in the prior financial years. Therefore the interest provision was overstated in prior years.

Loss with sale of Assets

Land and Buildings not recorded in 2010/2011 financial year.

34.2 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	2010/2011 Expenditure	Adjustment	Restated Amount
Employee Related Costs	24 609 316	469 724	24 609 453

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

		2012	2011
Remuneration of Councillors	2 512 126	-	2 512 126
Depreciation and Amortisation	3 122 903	(50 793)	3 072 110
Impairment Losses	81 915	1 835 295	1 917 210
Repairs and Maintenance	683 781	(86 703)	597 078
Finance Costs	761 849	2 460	764 308
Contracted Services	1 787 645	284 717	2 072 361
Grants and Subsidies Paid	5 522 132	328 648	5 850 780
General Expenses	20 863 626	(2 553 039)	18 310 588
	59 945 292	230 310	59 706 014

Nature

Employee Related Costs

Reclassified out of General Expenses in 2010/2011 financial year.

Performance Bonuses were incorrectly recognised in the 2010/2011 financial year as a contingent liability. A constructive obligation exist at year end, therefore a provision has been raised.

Depreciation and Amortisation

Adjustments made on PPE and Intangibles Assets resulted in a depreciation correction

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

Impairment Losses

Reclassified out of General Expenses in 2010/2011 financial year

Repairs and Maintenance

Reclassified out of General Expenses in 2010/2011 financial year

Accruals were corrected in the 2010/2011 financial year

Finance Costs

Accruals were corrected in the 2010/2011 financial year

Contracted Services

Reclassified out of General Expenses in 2010/2011 financial year

Grants and Subsidies Paid

Reclassified out of General Expenses in 2010/2011 financial year

General Expenses

Accruals were corrected in the 2010/2011 financial year.

Retention monies of HB Bouers held back were corrected.

Also reclassifications to correct expenditures on Statement of Financial Performance.

Shadow Transactions were created in the the 2010/2011 financial year due to outstanding orders from prior years. These shadow transactions were rolled-over by the system to the 2011/2012 financial year.

During the preparation of the 2011/2012 annual financial statements the retention monies of HB Bouers held back were corrected.

34.3 Reclassification of Statement of Financial Position

The prior year balances of items on the Statement of Financial Position have been restated to correctly classify

The effect of the Correction of Error is as follows:

	2010/2011 Financial Position	Adjustment	Restated Amount
Assets			
Trade Receivables from Exchange Transactions	2 863 118	(2 732 883)	130 236
Cash and Cash Equivalents	13 064 334	1 864	13 066 198
VAT Receivable	-	2 838 180	2 838 180
Property, Plant and Equipment	65 078 375	27 165 932	92 244 307
Intangible Assets	239 238	(14 584)	224 654
Current Portion of Finance Lease Receivable	-	12 511	12 511
Finance Lease Receivable	-	122 368	122 368
Liabilities			
Unspent Conditional Grants and Receipts	(4 659 198)	(3 456 036)	8 115 234
Provisions	(1 458 401)	(469 587)	1 927 988
Amounts to be surrendered	(3 500 000)	3 500 000	-
Long-term Liabilities	(3 524 298)	(82 635)	3 606 933
Current Portion of Long-term Liabilities	(1 495 298)	44 462	1 450 836
Creditors	(2 951 363)	122 984	2 828 379
	63 656 506	27 052 577	126 567 824

Nature

Trade Receivables from Exchange Transactions

VAT reclassified out of Trade Receivables from Exchange Transactions in 2010/2011 financial year

Cash and Cash Equivalents

During the preparation of the 2011/2012 annual financial statements it was noted that the 30 June 2011 Petty cash balance was not balancing with the supporting evidence. The balance was adjusted in accordance with GRAP.

VAT Receivable

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

Reclassified out of Trade Receivables from Exchange Transactions in 2010/2011 financial year
 Accruals were corrected in the 2010/2011 financial year

Property, Plant and Equipment

During the preparation of the 2011/2012 annual financial statements it was noted that the useful lives used for depreciation were incorrect in the prior year. Asset were also incorrectly included in the prior year asset register.
 The asset register and AFS were corrected to account for the issues above.

Intangible Assets

During the 2010/2011 audit the auditors identified Intangible Asset values included VAT.
 During the preparation of the 2011/2012 annual financial statements it was noted that the useful lives used for amortisation were incorrect.
 The asset register and AFS were corrected to account for the issues above.

Finance Lease Receivable and Current Portion of Finance Lease Receivable

Finance lease receivables were not accounted for in the prior financial years. Therefore the current- and long-term portions were corrected in prior years.

Unspent Conditional Grants and Receipts

Reclassified out of Amounts to be surrendered in the 2010/2011 financial year
 Unspent Conditional Grant not transferred to revenue in 2010/2011 financial year.

Provisions

Performance Bonuses were incorrectly recognised in the 2010/2011 financial year as a contingent liability. A constructive obligation exist at year end, therefore a provision has been raised.

Amounts to be surrendered

Reclassified to Unspent Conditional Grants and Receipts in the 2010/2011 financial year

Long-term Liabilities

Reclassified out of Current Portion of Long-term Liabilities in the 2010/2011 financial year
 Accruals were corrected in the 2010/2011 financial year

Current Portion of Long-term Liabilities

Reclassified out of Long-term Liabilities in the 2010/2011 financial year

Creditors

Accruals were corrected in the 2010/2011 financial year

36 CHANGE IN ACCOUNTING ESTIMATES

36.1 Depreciation Expenditure:

The residual values, estimated useful lives and depreciation method were reviewed at 30 June 2012. Adjustments to the useful lives affect the amount of depreciation for the current year and is expected to affect future periods as well. The adjustments are as follows:

Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of PPE	90 230	-
Increase / (Decrease) in Depreciation of PPE	90 230	-
Depreciation as previously stated	2 065 027	-
Adjustment due to Change in Accounting Estimate	90 230	-
Depreciation as per Note 26	2 155 258	3 072 110

37 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	(41 052 984)	14 513 518
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SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
Adjustment for:		
Correction of Prior Year Errors	-	2 660 416
Correction of Prior Year Errors - 2011	-	2 319 118
Depreciation and Amortisation	2 155 258	3 072 110
Impairment Losses on Property, Plant and Equipment	-	-
Loss / (Gains) on Disposal of Property, Plant and Equipment	45 901 485	(1 584 863)
Gains on Disposal of Intangible Assets	-	(32 389)
Other Movement on Property, Plant and Equipment	-	2 000
Contribution to Retirement Benefit Liabilities	1 253 179	6 575
Contribution to Provisions - Non-current	(5 352 183)	134 475
Contribution to Impairment Provision	(1 786 669)	1 835 295
Bad Debts Written-off	-	-
Operating surplus before working capital changes	396 174	23 395 842
Decrease/(Increase) in Inventories	116 949	(20 555)
Decrease/(Increase) in Receivables from Exchange Transactions	58 354	908 660
Decrease/(Increase) in Receivables from Non-exchange Transactions	4 142 696	(3 901 499)
Decrease/(Increase) in VAT Receivable	(1 927 098)	(1 152 812)
Decrease/(Increase) in Current Portion of Finance Lease Receivables	(640)	(12 511)
Increase/(Decrease) in Payables	1 634 494	(794 893)
Increase/(Decrease) in Conditional Grants and Receipts	(1 886 833)	5 792 696
Cash generated by / (utilised in) Operations	2 534 096	24 214 928

38 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

38.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	1 359 044	3 256 221
Unauthorised Expenditure current year (refer detail below)	16 209 363	1 359 044
Approved by Council or condoned	(17 568 407)	(3 256 221)
To be recovered – contingent asset (see Note 45)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	-	1 359 044

Summary Incident	R	Procedures followed
Prior year: Overspending of general expenditure occurred during the 2010/2011 financial year under review.	1 359 044	Condoned by Council
Transfer: Under budgeted for the transfer of Landfill sites, PPE and Receivables to Local Municipalities in the 2011/2012 financial year under review. The reason for this was that not all information regarding the transfer was available when the budget was approved.	11 744 808	Condoned by Council
Depreciation: Under budgeted for the GRAP 17 adjustments on PPE. There was a correction of error in the prior years, refer Note 34.	1 176 315	Condoned by Council
Incorrect Budget Allocation: Remuneration of Councillors budgeted for under Employee Related Cost. In total, the actual expenditures on these items are lower than budgeted for.	2 445 868	Condoned by Council
Contracted Services: Overspending of expenditure occurred during the 2011/2012 financial year under review.	842 372	Condoned by Council
	17 568 407	

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted Expenditure votes exceeded:-</i>	
- Health - R1 328 663 (2011: R0)	Condoned by Council
- Waste Management - R14 698 015 (2011: R0)	Condoned by Council
- Roads and Transport - R96 764 (2011: R0)	Condoned by Council
- Other - R85 921 (2011: R0)	Condoned by Council

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

38.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	-	-
Fruitless and Wasteful Expenditure current year	113 492	24 241
Condoned or written off by Council	(113 492)	(24 241)
To be recovered – contingent asset (see Note 45)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	-	-

Incident	Disciplinary Steps / Criminal Proceedings	Amount
//Khara Hais: Payment for July 2001 was made on 13 April 2012, almost 11 years after the due date	Condoned by Council	4 954
//Khara Hais: Insufficient funds were budgeted for electricity costs. Virement was not done in time by the responsible manager. Payment could therefore not be made in time.	Condoned by Council	451
//Khara Hais: Payment was processed on time. Officials responsible for the authorisation of the payment was however in a budget meeting with the Municipal Manager at Tol Speelman Hall. Payment was authorised after the closure of //Khara Hais municipality. Cheque was therefore presented to the municipality after the deadline.	Condoned by Council	305
MTN: Cellphone we used for meter readings by Riemvasmaak officials were supposed to be transferred to Kai!Garib municipality. The transfers did not take place and the account was issued to Siyanda District Municipality.	Condoned by Council	1 260
Nashua: An annual asset count for 2011/2012 it was established that the machine was removed by Nashua officials and never returned. Nashua indicated that the machine is not with them.	Condoned by Council	59 174
Vodacom: Council approved limits for the cellular contracts used by the mayor and the speaker. Senior management established the limits for the officials. These limits were communicated to the service provider, namely Vodacom. The service provider did not implement the limits on the individual contract as required as requested.	Condoned by Council	18 236
Matrix: The matrix device were removed from the vehicle that were sold and installed in the new vehicles that the municipality purchased. A decision was taken to purchase and install new vehicle tracking devices. The subscription of the matrix devices were cancelled except for one vehicle device.	Condoned by Council	3 760
These accounts were levied on properties of council that were leased to employees of council that formed part of the Roads department. The accounts were not paid by Siyanda District municipality and interest accrued from so far as 2005 on some of these accounts. After further enquiry from the Housing Clerk about the non payment of the accounts, one of the reasons that was given was the fact that there was no dedicated department that dealt with the administration of the said properties.	Condoned by Council	25 352
		<u>113 492</u>

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**

38.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	324 487	-
Irregular Expenditure current year	3 602 030	8 149 469
Condoned or written off by Council	(3 926 517)	(7 824 982)
To be recovered – contingent asset (see Note 45)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Irregular Expenditure awaiting condonement	<u>-</u>	<u>324 487</u>

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Irregular awards to Contractors (Tender 3-2009/2010)	Condoned by Council	37 908
Irregular awards to Contractors (Tender 4-2009/2010)	Condoned by Council	36 365
Irregular awards to Contractors (Tender 10-2009/2010)	Condoned by Council	53 885
An extension of Ducharme Consulting contract	Condoned by Council	2 357 244
We had a rental lease with Nashua for copy machines. The lease ended, but the machines were still on the premises and in use by us.	Condoned by Council	425 566
Deviation from, and ratification of minor breaches of, the Procurement Processes	Condoned by Council on a quarterly basis	691 062
		<u>3 602 030</u>

39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

39.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	223 575	210 000
Amount Paid - current year	(223 575)	(210 000)
Amount Paid - previous years	-	-

Balance Unpaid (included in Creditors)

<u>-</u>	<u>-</u>
----------	----------

39.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	2 217 436	3 121 548
Amount Paid - current year	(2 217 436)	(3 121 548)
Amount Paid - previous years	-	-

Balance Unpaid (included in Creditors)

<u>-</u>	<u>-</u>
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39.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

39.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	4 280 912	4 022 642
Amount Paid - current year	(4 280 912)	(4 022 642)
Amount Paid - previous years	-	-

Balance Unpaid (included in Creditors)

<u>-</u>	<u>-</u>
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39.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	5 175 672	4 161 985
Amount Paid - current year	(5 175 672)	(4 161 985)
Amount Paid - previous years	-	-

Balance Unpaid (included in Creditors)

<u>-</u>	<u>-</u>
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39.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

39.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.

39.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager and noted by Council.

Deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were submitted to Council quarterly, which condoned the various cases.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Successful Tenderer	Occasions	Reason	Amount
ADMINISTRATION	Various	4	Emergency	20 843
	Various	2	Impractical to obtain 3 quotations	608
	Various	4	Impractical for procurement processes	10 865
	Various	13	Single provider only	133 298
23 Occasions during the year amounting to R165 612.96				
CORPORATE SERVICES	GAME STORES	2	Impractical for procurement processes	3 550
2 Occasions during the year amounting to R3 549.99				
DISASTER MANAGEMENT	GENERAL SERVE	1	Impractical for procurement processes	1 459
	Various	6	Single provider only	74 989
7 Occasions during the year amounting to R76 447.73				
FINANCE	HAVANA	1	Impractical to obtain 3 quotations	1 995
	ARCH ACTUARIAL	1	Impractical for procurement processes	16 530
	Various	9	Single provider only	240 172
11 Occasions during the year amounting to R258 697.05				
FLEET	GLASFIT	1	Impractical to obtain 3 quotations	1 544
	STAPIN	1	Impractical for procurement processes	22 381
2 Occasions during the year amounting to R23 925.24				
HEALTH	Various	5	Single provider only	6 552
5 Occasions during the year amounting to R6 552.06				
HOUSING	Various	3	Impractical for procurement processes	63 307
3 Occasions during the year amounting to R63 307.05				
HUMAN RESOURCE	Various	3	Impractical for procurement processes	68 099
	Various	3	Single provider only	49 461
6 Occasions during the year amounting to R117 560.06				
IDP	KHARA HAI MUN.	2	Single provider only	600
2 Occasions during the year amounting to R600.00				
IT	BSA	1	Emergency	390
	MUSIEKHOKIE	1	Impractical to obtain 3 quotations	470
	Various	6	Impractical for procurement processes	13 553
	Various	11	Single provider only	50 909
19 Occasions during the year amounting to R65 321.85				
LED	Various	1	Impractical for procurement processes	17 670
	STABILIS	2	Single provider only	5 202
3 Occasions during the year amounting to R22 872.45				
MAYOR'S OFFICE	STAP IN	2	Impractical to obtain 3 quotations	756
	Various	18	Impractical for procurement processes	386 085
	Various	11	Single provider only	80 303
31 Occasions during the year amounting to R467 144.55				
MUNICIPAL MANAGER	Various	2	Emergency	26 812
	MONATE	1	Impractical to obtain 3 quotations	1 800
	NR FOODS	1	Impractical for procurement processes	710
	Various	10	Single provider only	28 485
14 Occasions during the year amounting to R57 806.43				
MUNICIPAL SUPPORT	CARLA	1	Impractical to obtain 3 quotations	1 086
	Various	4	Single provider only	898 841
5 Occasions during the year amounting to R899 926.89				
SECURITY	HALSTED AND CO	1	Single provider only	15 191
1 Occasions during the year amounting to R15 190.75				
TECHNICAL SERVICES	Various	1	Emergency	39 057
	JOQAYISA	1	Impractical for procurement processes	8 006
	Various	12	Single provider only	74 496
14 Occasions during the year amounting to R121 559.31				
TOURISM	TRANS ORANJE	1	Emergency	15 722
	Various	2	Impractical to obtain 3 quotations	2 629
	Various	2	Impractical for procurement processes	34 192
	INTER TEKENS	1	Single provider only	750
4 Occasions during the year amounting to R19 101.39				

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
Total:		<u><u>2 419 368</u></u>

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

39.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

The Electricity and Water functions were transferred to the local municipalities. Thus no material Electricity and Water Losses occurred.

40 COMMITMENTS FOR EXPENDITURE

40.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure
Community
Other

8 725 841

8 725 841

7 951 921

7 951 921

- Approved but Not Yet Contracted for:-

Infrastructure
Community
Other

-

-

-

-

Total Capital Commitments

8 725 841

7 951 921

This expenditure will be financed from:

Government Grants

8 725 841

7 951 921

8 725 841

7 951 921

40.2 Lease Commitments

Finance Lease Liabilities are disclosed in Notes 13 .

40.3 Other Commitments

No Other Commitments existed at 30 June 2012

41 FINANCIAL INSTRUMENTS

41.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Housing Selling Scheme Loans	Amortised cost	109 216	122 368
Receivables from Exchange Transactions			
Electricity	Amortised cost		
Refuse	Amortised cost		
Sewerage	Amortised cost		5 118
Water	Amortised cost		10 532
Other Receivables	Amortised cost	199 079	114 586
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost		
Government Subsidy Claims	Amortised cost	1 349 564	3 832 789
Sundry Deposits	Amortised cost		
Sundry Debtors	Amortised cost		
Accruals	Amortised cost		
Recoverable Works	Amortised cost		
Cash and Cash Equivalents			
Call Deposits	Fair value	2 572 650	7 834 711
Bank Balances	Fair value		5 229 307
Cash Floats and Advances	Fair value	2 180	2 180

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**

Current Portion of Long-term Receivables

Housing Selling Scheme Loans	Amortised cost	13 151	12 511
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SUMMARY OF FINANCIAL ASSETS

Financial Assets at Amortised Cost:

Finance Lease Receivables	Housing Selling Scheme Loans	109 216	122 368
Receivables from Exchange Transactions	Sewerage		5 118
Receivables from Exchange Transactions	Water		10 532
Receivables from Exchange Transactions	Other Debtors	199 079	114 586
Receivables from Non-exchange Transactions	Assessment Rates Debtors		
Receivables from Non-exchange Transactions	Government Subsidy Claims	1 349 564	3 832 789
Current Portion of Long-term Receivables	Housing Selling Scheme Loans	13 151	12 511

	1 671 011	4 097 903
--	-----------	-----------

Financial Assets at Fair Value:

Cash and Cash Equivalents	Call Deposits	2 572 650	7 834 711
Cash and Cash Equivalents	Bank Balances		5 229 307
Cash and Cash Equivalents	Cash Floats and Advances	2 180	2 180

	2 574 830	13 066 198
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Total Financial Assets

	4 245 840	17 164 101
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FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities

Classification

Long-term Liabilities

Annuity Loans	Amortised cost	2 570 043	3 552 921
Finance Lease Liabilities	Amortised cost	4 160	54 012

Payables

Trade Creditors	Amortised cost	2 506 773	565 518
Retentions	Amortised cost	633 985	1 206 566
Staff Leave Accrued	Amortised cost	1 303 427	1 056 295

Bank Overdraft

Bank Overdraft	Fair value	64 956	
----------------	------------	--------	--

Current Portion of Long-term Liabilities

Annuity Loans	Amortised cost	975 645	885 444
Finance Lease Liabilities	Amortised cost	49 853	565 392

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Long-term Liabilities	Annuity Loans	2 570 043	3 552 921
Long-term Liabilities	Finance Lease Liabilities	4 160	54 012
Payables	Trade Creditors	2 506 773	565 518
Payables	Retentions	633 985	1 206 566
Payables	Staff Leave Accrued	1 303 427	1 056 295
Current Portion of Long-term Liabilities	Annuity Loans	975 645	885 444
Current Portion of Long-term Liabilities	Finance Lease Liabilities	49 853	565 392

	8 062 573	7 886 148
--	-----------	-----------

Financial Liabilities at Fair Value:

Bank Overdraft	Bank Overdraft	64 956	
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	64 956	
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SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
Total Financial Liabilities	<u><u>8 127 530</u></u>	<u><u>7 886 148</u></u>

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

41.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash and Short-term Investments

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2012, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2012		30 June 2011	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	1 671 011	1 671 011	4 097 903	4 097 903
Finance Lease Receivables	109 216	109 216	122 368	122 368
Long-term Receivables	(0)	(0)		
Trade Receivables from Exchange Transactions	199 079	199 079	130 236	130 236
Trade Receivables from Non-exchange Transactions	1 349 564	1 349 564	3 832 789	3 832 789
Current Portion of Long-term Receivables	13 151	13 151	12 511	12 511
Measured at Fair Value	2 574 830	2 574 830	13 066 198	13 066 198
Call Deposits	2 572 650	2 572 650	7 834 711	7 834 711
Bank Balances and Cash	2 180	2 180	5 231 487	5 231 487
Total Financial Assets	4 245 840	4 245 840	17 164 101	17 164 101
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	8 062 573	8 062 573	7 886 148	7 886 148
Annuity Loans	2 570 043	2 570 043	3 552 921	3 552 921
Finance Lease Liabilities	4 160	4 160	54 012	54 012
Trade and Other Payables:				
- Creditors	4 462 873	4 462 873	2 828 379	2 828 379
- Current Portion of Long-term Liabilities	1 025 498	1 025 498	1 450 836	1 450 836
Measured at Fair Value	64 956	64 956		
Bank Overdraft	64 956	64 956		
Total Financial Liabilities	8 127 530	8 127 530	7 886 148	7 886 148
Total Financial Instruments	(3 881 690)	(3 881 690)	9 277 953	9 277 953
Unrecognised Gain / (Loss)		-		

No Financial Instruments of the municipality have been reclassified during the year.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2012

	Level 1	Level 2	Level 3	Total
	R	R	R	R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	2 572 650		2 572 650
Bank Balances and Cash	-	2 180		2 180
Total Financial Assets	<u>-</u>	<u>2 574 830</u>		<u>2 574 830</u>
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Annuity Loans	-	2 570 043		2 570 043
Finance Lease Liabilities	-	4 160		4 160
Bank Overdraft	-	64 956		64 956
Total Financial Liabilities	<u>-</u>	<u>2 639 159</u>		<u>2 639 159</u>
Total Financial Instruments	<u>-</u>	<u>(64 330)</u>		<u>(64 330)</u>

30 June 2011

	Level 1	Level 2	Level 3	Total
	R	R	R	R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	7 834 711		7 834 711
Bank Balances and Cash	-	5 231 487		5 231 487
Total Financial Assets	<u>-</u>	<u>13 066 198</u>		<u>13 066 198</u>
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Annuity Loans	-	3 552 921		3 552 921
Finance Lease Liabilities	-	54 012		54 012
Bank Overdraft	-	-		
Total Financial Liabilities	<u>-</u>	<u>3 606 933</u>		<u>3 606 933</u>
Total Financial Instruments	<u>-</u>	<u>9 459 265</u>		<u>9 459 265</u>

41.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities, Cash and Cash Equivalents, Accumulated Surplus and the Statement of Changes in Net Assets.

Gearing Ratio

The municipality's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The municipality has a target gearing ratio of 20-25% determined as the proportion of net debt to equity. Based on the committee's recommendations, the municipality expects to increase its gearing ratio closer to 25% through the issue of new debt.

	2012	2011
	R	R
The gearing ratio at the year-end was as follows:		
Debt	3 664 657	5 057 769
Cash and Cash Equivalents	(2 574 830)	(13 066 198)
Net Debt	<u>1 089 827</u>	<u>(8 008 429)</u>
Equity	<u>6 463 888</u>	<u>48 214 533</u>
Net debt to equity ratio	<u>16.86%</u>	<u>-16.61%</u>

Debt is defined as Long- and Short-term Liabilities.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

41.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities, and compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

41.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012

2011

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

41.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

41.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

41.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, investments, Finance Lease Receivable and loan payables. The Entity is not exposed to interest rate risk on these financial instruments, as the rates applicable are fixed interest rates.

Interest Rate Sensitivity Analysis

The sensitivity analysis below was determined based on the exposure to interest rates at the reporting date. For variable rate long-term instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

Financial Assets

Classification

External investments:

Call Deposits	Available for Sale	2 572 650	7 834 711
Overdraft	Available for Sale	(64 956)	
Bank Balances	Available for Sale	2 180	5 231 487
		2 509 873	13 066 198

Outstanding Debtors:

Finance Lease Receivable	Available for Sale	109 216	122 368
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Interest received

Interest Earned - Outstanding Debtors		6 460	7 069
Interest Earned - External Investments		529 336	751 962
		20%	6%

Effect of a change in interest rate on interest earned from external investments:

Effect of change in interest rate	%	15%	5%
Effect of change in interest rate	Rand value	392 863	627 145
Effect of change in interest rate	%	17%	7%
Effect of change in interest rate	Rand value	445 245	890 916

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**

Financial Liabilities

Classification

Long-term Liabilities

Annuity Loans	Financial liabilities at amortised cost	2 570 043	3 552 921
Annuity Loans - current portion	Financial liabilities at amortised cost	975 645	885 444
		<u>3 545 688</u>	<u>4 438 365</u>

Interest paid

Long-term Liabilities	<u>487 876</u>	<u>764 308</u>
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Interest rate %	<u>14%</u>	<u>17%</u>
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Effect of a change in interest rate on interest paid on long-term liabilities

Effect of change in interest rate	%	12%	15%
Effect of change in interest rate	Rand value	<u>425 483</u>	<u>665 755</u>

Effect of change in interest rate	%	16%	19%
Effect of change in interest rate	Rand value	<u>567 310</u>	<u>843 289</u>

41.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its short-term investments (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions short term credit rating of BBB and long-term credit rating of AA- and higher at an International accredited creditrating agency. The municipality's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions, in accordance with its investment policy. Consequently, the municipality is not exposed to any significant credit risk.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors were transferred to the Local Municipalities.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a small number of trade debtors, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Finance Lease Receivables	109 216	122 368
Consumer Debtors	247 706	306 060
Other Debtors	1 349 564	5 492 260
Bank, Cash and Cash Equivalents	2 509 873	13 066 198
Maximum Credit and Interest Risk Exposure	<u>4 216 359</u>	<u>18 986 886</u>

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SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

41 FINANCIAL INSTRUMENTS (Continued)

41.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 43 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. Interest payable is linked to the prime interest rate.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2012								
Non-interest Bearing	11	0.00%	4 462 872	4 462 872	-	-	-	-
- Creditors			4 462 872	4 462 872	-	-	-	-
Variable Interest Rate Instruments		8.08%	3 664 657	64 956	1 025 498	2 574 203	-	-
- Bank Overdraft	6		64 956	64 956	-	-	-	-
- Finance Leases	14		54 013	-	49 853	4 160		
- Annuity loans	14	Various	3 545 688		975 645	2 570 043		
			8 127 530	4 527 829	1 025 498	2 574 203	-	-
30 June 2011								
Non-interest Bearing	11	0.00%	2 828 379	2 828 379	-	-	-	-
- Creditors			2 828 379	2 828 379	-	-	-	-
Variable Interest Rate Instruments		8.08%	5 057 770	-	1 450 836	3 606 933	-	-
- Bank Overdraft	6		-	-	-	-	-	-
- Finance Leases	14		619 405	-	565 392	54 013		
- Annuity loans	14		4 438 365		885 444	3 552 921		
			7 886 148	2 828 379	1 450 836	3 606 933	-	-

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2012								
Non-interest Bearing		0.00%	1 550 823	1 550 823	-	-	-	-
- Trade Receivables from Exchange Transactions	3		199 079	199 079	-	-	-	-
- Trade Receivables from Non-exchange Transactions	4		1 349 564	1 349 564	-	-	-	-
- Cash and Cash Equivalents	6		2 180	2 180	-	-	-	-
Variable Interest Rate Instruments		6.77%	2 572 650	2 572 650	-	-	-	-
- Call Deposits	6		2 572 650	2 572 650	-	-	-	-
- Bank Account	6		-	-	-	-	-	-
Fixed Interest Rate Instruments		5.00%	122 368	122 368	-	-	-	-
- Finance Lease Receivables	9		122 368	122 368	-	-	-	-
			4 245 840	4 245 840	-	-	-	-
30 June 2011								
Non-interest Bearing		0.00%	3 965 205	3 965 205	-	-	-	-
- Trade Receivables from Exchange Transactions	3		130 236	130 236	-	-	-	-
- Trade Receivables from Non-exchange Transactions	4		3 832 789	3 832 789	-	-	-	-
- Cash and Cash Equivalents	6		2 180	2 180	-	-	-	-
Variable Interest Rate Instruments		7.67%	13 064 018	13 064 018	-	-	-	-
- Call Deposits			7 834 711	7 834 711	-	-	-	-
- Bank Account			5 229 307	5 229 307	-	-	-	-
Fixed Interest Rate Instruments	9	5.00%	134 879	134 879	-	-	-	-
- Finance Lease Receivables			134 879	134 879	-	-	-	-
			17 164 101	17 164 101	-	-	-	-

41.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

42 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R16,7 million (2010: R14,2 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

National Fund for Municipal Workers - Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The fund does not have any reserves or surpluses which can be allocated to members' fund records.

The last valuation performed for the period ended 31 March 2006 revealed that the fund had a shortfall of R205 million, with a funding level of 83%. This will be taken into account in determining future surcharges, to be met by increased employer contributions. These surcharges are as follows:

- From 1 July 2006 14%
- From 1 July 2007 17%

The above-mentioned surcharge is payable until 1 July 2010. This position will be monitored on an annual basis.

The statutory valuation performed as at 1 July 2008 revealed that the fund had a deficit of 6,3 (1 July 2007: surplus R9,5) million, with a funding level of 99,83% (1 July 2007: 100,26%). The contribution rate paid by the members (2,00% to 5,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

No further information could be obtained.

DEFINED CONTRIBUTION SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

Defined Benefit Scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2011 disclosed an actuarial valuation amounting to R2 971 150 million, with a net accumulated deficit of R58 935 million, with a funding level of 98.1%.

Defined Contribution Scheme

The actuarial valuation report at 30 June 2011 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R 386 570 million, net investment reserve of R15 285 million and a funding level of 104.1%.

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2011.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

The statutory valuation performed as at 30 June 2011 revealed that the assets of the fund amounted to R9 930,837 (30 June 2010: R7 740,205) million, with funding levels of 100,3% and 116,9% (30 June 2010: 99,9% and 100,3%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:

The scheme is subject to an actuarial valuation every three years. The last statutory valuation was performed as at 30 June 2009. The latest interim valuation was performed as at 30 June 2010.

The interim valuation performed as at 30 June 2010 revealed that the assets of the fund amounted to R1 483, 786 381 (30 June 2009: R1 123. 672 020) million. The contribution rate paid by the members (13,75%) and the municipalities (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 01 July 2008.

The net assets available for benefits were R3 617 (2007: R3 696) million.

The statutory valuation performed as at 1 July 2008 revealed that the fund had a deficit of 6,3 (1 July 2007: surplus R9,5) million, with a funding level of 99,83% (1 July 2007: 100,26%). The contribution rate paid by the members (2,00% to 5,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

None of the above mentioned plans are State Plans.

43 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

43.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Gift van Staden	Mayor	1) Director at Upington Convenience Centre (Pty)Ltd 2) Director at SA Soutwerke (Edms) Bpk 3) Director at Upington Supersout (Edms) Bpk 4) Director at Kwari Yaletsvei 5) Director at Gold Tune 30 (Pty) Ltd 6) Director at Siyanda Economic Development
Zelna S Mjila	Speaker	Director at Henbase 2584 CC (Winkel & Drankwinkel)
Bernice Sinxve	Councillor	Member at Kakamas Construction
Patricia Wetbooi	Councillor	Member at Scenic Route Trading 246
Dawid L de Wee	Councillor	Member at Catherine's Trading
Gadilwaelwe H. Mothibi	Councillor	1) Director at Tsantsabane Social and Labour Development Forum 2) Director at Northern Cape Mining Logistics and Services 3) Director at Charofor
Anvill M Isaacs	Councillor	Member at Hoezit's Entertainment Enterprize
Brenda Bock	Councillor	Member at BM Bock Construction and Community Development
D. Ngxanga	Municipal Manager	DITSA DA RA Properties

The following councillors and/or senior management of the municipality have no relationships with businesses:

S. Esau	Councillor	No relationship with businesses
P.M. Mgcera	Councillor	No relationship with businesses
C. Tieties	Councillor	No relationship with businesses
P.M. Kotze	Councillor	No relationship with businesses
K. Dodds	Councillor	No relationship with businesses
M. Oliphant	Councillor	No relationship with businesses
M. Mbilo	Councillor	No relationship with businesses
J. Assegaai	Councillor	No relationship with businesses
P. Brandt	Councillor	No relationship with businesses
S.P. May	Councillor	No relationship with businesses
E. Mnyaka	Councillor	No relationship with businesses
J. Isaacs	Councillor	No relationship with businesses
A. de Bruin	Councillor	No relationship with businesses

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

P. Beukes	Director	No relationship with businesses
G. Lategan	Director	No relationship with businesses

43.2 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

43.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 14 to the Annual Financial Statements.

43.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 24 and 25 respectively, to the Annual Financial Statements.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012
R

2011
R

43.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

44 CONTINGENT LIABILITIES

44.1 Court Proceedings:

137 500

227 734

Siyanda District Municipality / CHM Car Hire: Claim against the municipality Handled by Becker, Bergh & More. The attorney recommended that a settlement amount of R100,000 be paid as the possible costs incurred could exceed the possible benefit obtainable. Possible obligation to the municipality.

100 000

75 000

Siyanda District Municipality / Vredesvallei: Claim against the municipality Handled by Becker, Bergh & More. The contractor proceed with legal action. Possible obligation to the municipality.

2 500

88 324

Siyanda District Municipality / Eric Orapeleng Mongwato : Possible claim against the municipality. Handled by Becker, Bergh & More. Accident claim

5 000

30 000

Siyanda District Municipality / Isabel Winkler h/a Emerald Gastehuis: Possible claim against the municipality. Handled by Becker, Bergh & More. Defence ordered by Council. Possible obligation to the municipality.

15 000

19 410

Siyanda District Municipality / Dawid Boer: Claim against the municipality Handled by Becker, Bergh & More. The details of the claimant is awaited. Possible obligation to the municipality.

15 000

15 000

44.2 Unlicensed landfill-site:

-

30 000 000

The landfill-sites were transferred to the local municipalities during the current financial year and thus no contingent liability exist on 30 June 2012. In the 2010/2011 financial year Siyanda District Municipality's landfill-sites were not licensed. This is a contravention of National Environmental Management Waste Act 59 of 2008. It is unclear what the amount of the penalty will be as this will be based on the seriousness of the offence. In terms of the National Environmental Management Waste Act 59 of 2008 the liability will not exceed R10,000,000 per landfill-site. Siyanda has three landfill-sites.

-

30 000 000

45 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

45.1 Insurance Claims:

128 211

-

(i) Lost / Damaged Assets:

128 210.59

-

The municipality has a claims outstanding against its Insurers for lost and/or damaged assets. The management believe that it is probable that the claims will be successful and that compensation of R128 210.59 will be recovered.

SIYANDA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012 R	2011 R
45.2 Court Proceedings:	604 392	526 860
(i) Contractor paid for services not delivered: The municipality is suing Siyanda Plant Hire t/a Amber Cascades Trading BK in respect of a payment made to the contractor for services not delivered by them.	435 820	433 320
(ii) DV Konstruksie The municipality is suing DV Konstruksie in respect of a payment made to the contractor for services not delivered by them.	76 540	78 540
(iii) Themba Links The municipality is suing Themba Links in respect of outstanding debt.	15 000	15 000
(iv) ALFA Paneelkloppers The municipality is suing ALFA Paneelkloppers in respect of previous rent not charged.	77 032	-

46 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

47 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

48 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2012.

49 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 34) and Prior Period Errors (Note 35).

50 MANAGEMENT'S GOING CONCERN ASSESSMENT

Management considered the following matters in relation to the Going Concern position of Siyanda:

(i) On 31 May 2012 Council adopted the 2012/13 to 2014/15 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget was subjected to a independent assessment process by Provincial Treasury to assess its cash-backing status and other budgetary key performance indicators and the outcome of the cash back assessment was positive.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by regular reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) The municipality developed a cost containment and budgetary control yardstick in order to measure operational and capital budget performance on a quarterly basis. No cash flow challenges are experienced because cash flow projections are compiled for the payment sequences of the equitable share which is our largest portion of operational revenue source. The municipality has no bank overdraft facility to cover short term cash shortfalls as and when the need arises.

(v) The municipality are grant dependent and deliver minimum services that generated revenue. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions are instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A
SIYANDA DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2011	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2012
	R				R	R	R	R
ANNUITY LOANS								
Annuity Loan: Kalksloot Sewerage	556 896	10.00%	9749/103	30/04/2016	192 634	-	(58 026)	134 608
Annuity Loan: Groblershoop Sewerage	714 152	10.00%	9750/103	30/04/2016	248 101	-	(74 734)	173 368
Annuity Loan: Cillie Sewerage	598 648	10.00%	9752/102	30/04/2016	248 402	-	(62 497)	185 905
Annuity Loan: Lutzburg Sewerage	588 908	10.00%	9753/102	30/04/2016	204 499	-	(61 600)	142 900
Annuity Loan: Neilersdrift Sewerage	391 494	10.00%	9754/102	30/04/2016	188 861	-	(40 506)	148 354
Annuity Loan: Groblershoop water	729 766	10.00%	9755/102	30/04/2016	486 751	-	(62 582)	424 169
Annuity Loan: Tlhakalatlou Sewerage	3 245 000	10.00%	10080/105	30/04/2016	1 149 943	-	(213 519)	936 423
Annuity Loan: Boichoko Postmasburg	5 230 000	10.00%	10084/103	30/04/2016	1 719 174	-	(319 213)	1 399 961
Total Annuity Loans	12 054 864				4 438 365	-	(892 676)	3 545 688
CAPITAL LEASE LIABILITIES								
Finance Leases: Nashua Fax -	60 552	12.50%	A4659600495	12/2011	7 873	-	(7 873)	0
Finance Leases: Nashua Fax -	30 002	12.50%	A4769122194	02/2012	5 146	-	(5 146)	(0)
Finance Leases: Nashua Fax -	30 301	12.50%	A4769620199	05/2012	7 034	-	(7 034)	(0)
Finance Leases: Nashua Fax -	30 301	12.50%	A4769122200	02/2012	5 198	-	(5 198)	(0)
Finance Leases: Nashua Printer -	136 711	12.50%	Q4460300932	05/2012	31 737	-	(31 737)	(0)
Finance Leases: Nashua Printer -	175 267	15.50%	M5084301439	07/2013	89 029	-	(39 047)	49 982
Finance Leases: Nashua Printer -	179 119	13.00%	L3664603078	07/2012	49 034	-	(45 004)	4 030
Finance Leases: Telkom system	2 000 183	12.50%	Telkom system	04/2012	424 353	-	(424 353)	0
Total Capital Lease Liabilities	2 642 437				619 405	-	(565 392)	54 012
TOTAL EXTERNAL LOANS	14 697 301				5 057 769	-	(1 458 069)	3 599 701

DBSA:

Structured unsecured 20 year loan for provision of infrastructure: Kalksloot Sewerage Upgrading. Loan is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 20 year loan for provision of infrastructure: Groblershoop Sewerage Upgrading. Loan is repayable semi-annually in fixed instalments of capital and fixed rate interest.

APPENDIX A
SIYANDA DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012

DBSA:

Structured unsecured 20 year loan for provision of infrastructure: Groblershoop Water Upgrading. Loan is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 20 year loan for provision of infrastructure: Cillie Sewerage Upgrading. Loan is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 20 year loan for provision of infrastructure: Lutzburg Sewerage Upgrading. Loan is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 20 year loan for provision of infrastructure: Neilersdrift Sewerage Upgrading. Loan is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 20 year loan for provision of infrastructure: Tlhakatlou Sewerage Upgrading. Loan is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 20 year loan for provision of infrastructure: Boichoko Postmasburg Sewerage Upgrading. Loan is repayable semi-annually in fixed instalments of capital and fixed rate

APPENDIX B
SIYANDA DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2012
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
Land and Buildings	R	R	R	R	R	R	R	R	R	R	R	R	R
Land	22 759 449	540 000	-	-	(2 787 934)	20 511 515	-	-	-	-	-	20 511 515	-
Building	5 885 238	2 272 352	-	-	(664 514)	7 493 076	2 624 960	366 264	-	(333 266)	2 657 958	4 835 118	-
	28 644 687	2 812 352	-	-	(3 452 448)	28 004 591	2 624 960	366 264	-	(333 266)	2 657 958	25 346 633	1 100 000
Infrastructure													
Electricity:													
Electricity Network	8 010 989	-	-	(8 010 989)	-	-	801 099	-	(801 099)	-	-	-	-
Sanitation:													
Solid Waste Disposal	5 364 298	-	-	(5 364 298)	-	-	597 208	-	(597 208)	-	-	-	-
Roads:													
Roads Network	1 693 860	-	1 543 539	(1 693 860)	-	1 543 539	169 386	-	(169 386)	-	-	1 543 539	-
Water:													
Water Network	19 150 626	5 335 461	-	(24 486 086)	-	-	239 852	-	(239 852)	-	-	-	-
	34 219 772	5 335 461	1 543 539	(39 555 233)	-	1 543 539	1 807 544	-	(1 807 544)	-	-	1 543 539	10 075 000
Community Assets													
Land	1 133 740	-	-	(1 133 740)	-	-	-	-	-	-	-	-	-
Building	3 863 207	-	-	(3 863 207)	-	-	911 463	-	(911 463)	-	-	-	-
	4 996 947	-	-	(4 996 947)	-	-	911 463	-	(911 463)	-	-	-	-
Leased Assets													
Office Equipment	3 543 176	-	-	-	(313 965)	3 229 211	3 066 919	409 533	-	(289 737)	3 186 715	42 496	-
	3 543 176	-	-	-	(313 965)	3 229 211	3 066 919	409 533	-	(289 737)	3 186 715	42 496	-
Other Assets													
Aircraft:													
Fire Fighting Equipment	2 630	-	-	(830)	-	1 800	762	540	(276)	-	1 026	774	-
Medical Equipment	12 600	-	-	-	-	12 600	4 820	2 268	-	-	7 088	5 513	-
Furniture and Fittings:													
Tables And Desks	470 535	70 882	-	(17 659)	(18 298)	505 460	134 280	90 485	(9 584)	(13 131)	202 050	303 410	-
Cabinets And Cupboards	327 279	30 391	-	(15 867)	(2 800)	339 002	76 702	60 268	(5 453)	(1 260)	130 257	208 746	-
Chairs	507 147	13 737	-	(68 178)	(25 556)	427 149	153 019	81 487	(21 737)	(12 600)	200 169	226 980	-
Other Furniture	325 835	4 050	-	-	(4 901)	324 984	94 044	57 986	-	(3 133)	148 896	176 088	-

APPENDIX B
SIYANDA DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2012
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Motor Vehicles:													
Trucks And Bakkies	652 474	361 700	-	-	-	1 014 174	61 259	85 400	-	-	146 660	867 514	-
Motor Cars	1 850 717	1 047 583	-	-	(732 886)	2 165 414	208 429	237 416	-	(145 600)	300 245	1 865 168	-
Office Equipment:													
Computer Hardware	1 081 517	189 917	-	(97 505)	(169 416)	1 004 513	399 911	298 261	(50 506)	(138 179)	509 487	495 026	-
Office Machines & Other	668 110	43 470	-	(27 644)	(25 096)	658 840	208 278	180 157	(11 634)	(16 716)	360 085	298 755	-
Plant and Equipment:													
Radio Equipment	44 890	-	-	(7 524)	(10 457)	26 909	22 276	6 726	(3 965)	(6 873)	18 164	8 745	-
Security System	50 835	-	-	-	-	50 835	8 880	10 406	-	-	19 286	31 549	-
Other Plant And Equipment	301 599	26 784	-	(219 371)	(61 948)	47 064	131 016	18 261	(107 593)	(33 424)	8 259	38 805	-
Tractor	233 700	-	-	-	-	233 700	63 099	42 066	-	-	105 165	128 535	-
Grader	61 637	-	-	-	-	61 637	16 642	11 095	-	-	27 737	33 900	-
Telecommunication Equipment	1 253	-	-	(1 253)	-	-	620	-	(620)	-	-	-	-
	6 592 756	1 788 514	-	(455 830)	(1 051 359)	6 874 080	1 584 037	1 182 823	(211 370)	(370 916)	2 184 573	4 689 507	5 514 050
Total	77 997 338	9 936 327	1 543 539	(45 008 010)	(4 817 773)	39 651 421	9 994 923	1 958 621	(2 930 378)	(993 919)	8 029 246	31 622 175	16 689 050

SIYANDA DISTRICT MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2012
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets													
Computer Software	537 602	165 638	-	-	(408 300)	294 940	312 948	196 637	-	(408 300)	101 285	193 655	-
	537 602	165 638	-	-	(408 300)	294 940	312 948	196 637	-	(408 300)	101 285	193 655	-
Total Asset Register	78 534 940	10 101 965	1 543 539	(45 008 010)	(5 226 073)	39 946 362	10 307 871	2 155 258	(2 930 378)	(1 402 219)	8 130 531	31 815 830	16 689 050

APPENDIX C
SIYANDA DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2012

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	719 618	109 429	-	(1 701)	(34 645)	792 701	226 544	171 036	(861)	(21 441)	375 278	417 423
<i>Council and General</i>												
<i>Executive & Council</i>	244 320	14 874	-	-	(2 191)	257 003	66 772	52 717	-	(1 873)	117 615	139 387
<i>Municipal Manager</i>	190 429	37 459	-	-	(21 708)	206 179	60 459	46 400	-	(13 306)	93 552	112 627
<i>Council Administration</i>	104 172	20 538	-	-	(5 746)	118 964	20 637	26 796	-	(3 348)	44 084	74 880
<i>Internal Audit</i>	180 696	36 559	-	(1 701)	(5 000)	210 555	78 676	45 124	(861)	(2 913)	120 026	90 528
Finance and Administration	7 660 231	1 579 798	-	(101 547)	(1 207 319)	7 931 164	3 854 290	1 111 823	(54 341)	(559 442)	4 352 330	3 578 833
<i>Bairwa Offices</i>												
<i>Finance & Administration</i>	707 491	101 233	-	(2 534)	(35 554)	770 635	194 143	170 306	(1 595)	(21 949)	340 905	429 730
<i>Fleet Management</i>	2 562 190	-	-	(59 000)	(732 886)	1 770 304	298 893	241 932	(29 205)	(145 600)	366 020	1 404 284
<i>Administration Management</i>	219 519	31 457	-	(13 247)	(27 986)	209 743	85 621	52 307	(9 722)	(20 302)	107 904	101 839
<i>Personnel Services</i>	220 893	1 429 851	-	(15 783)	(6 501)	1 628 460	67 138	130 244	(7 478)	(3 388)	186 516	1 441 944
<i>Administrative & Support Services</i>	116 135	6 176	-	-	(5 000)	117 311	30 443	28 354	-	(4 063)	54 734	62 577
<i>Information Technology Services</i>	3 834 004	11 081	-	(10 983)	(399 391)	3 434 711	3 178 053	488 680	(6 340)	(364 140)	3 296 252	138 459
Planning and Development	29 023 489	2 842 919	-	(25 887)	(3 467 464)	28 373 057	2 753 767	446 721	(13 614)	(343 757)	2 843 117	25 529 940
<i>Integrated Development Planning</i>												
<i>Planning & Development</i>	79 984	-	-	-	(5 233)	74 751	26 072	16 910	-	(3 606)	39 377	35 374
<i>Buildings</i>	28 943 505	2 842 919	-	(25 887)	(3 462 231)	28 298 306	2 727 695	429 811	(13 614)	(340 151)	2 803 741	25 494 565
Health	1 145 106	7 280	-	(938 000)	(6 836)	207 551	271 472	46 244	(211 050)	(5 635)	101 030	106 520
<i>Health</i>	1 145 106	7 280	-	(938 000)	(6 836)	207 551	271 472	46 244	(211 050)	(5 635)	101 030	106 520
Community and Social Services	14 612 973	9 578	1 543 539	(14 085 599)	(76 795)	2 003 696	1 958 007	107 308	(1 809 476)	(44 507)	211 332	1 792 364
<i>Community & Social Services</i>	719 404	9 578	-	(193 480)	(75 345)	460 157	216 089	107 047	(68 164)	(43 641)	211 332	248 825
<i>RVM Vredesvallei</i>	3 790 041	-	-	(3 789 091)	(950)	-	560 204	171	(559 847)	(529)	-	-
<i>Swartkopdam</i>	993 616	-	-	(993 616)	-	-	106 792	-	(106 792)	-	-	-
<i>RVM Sending</i>	9 109 912	-	1 543 539	(9 109 412)	(500)	1 543 539	1 074 921	90	(1 074 674)	(338)	-	1 543 539
Housing	130 003	10 662	-	-	(5 317)	135 348	37 408	29 651	-	(4 670)	62 389	72 959
<i>Housing</i>	130 003	10 662	-	-	(5 317)	135 348	37 408	29 651	-	(4 670)	62 389	72 959
Public Safety	12 183	-	-	-	-	12 183	4 351	2 602	-	-	6 952	5 231
<i>Security Services</i>	12 183	-	-	-	-	12 183	4 351	2 602	-	-	6 952	5 231
Sport and Recreation	178 812	41 200	-	(4 893)	(19 397)	195 722	52 024	43 237	(3 976)	(14 468)	76 816	118 906
<i>Tourism</i>	178 812	41 200	-	(4 893)	(19 397)	195 722	52 024	43 237	(3 976)	(14 468)	76 816	118 906
Waste Management	5 364 298	-	-	(5 364 298)	-	-	597 208	-	(597 208)	-	-	-
<i>Dumping Site</i>	1 788 099	-	-	(1 788 099)	-	-	199 069	-	(199 069)	-	-	-
<i>Dumping Site</i>	1 788 099	-	-	(1 788 099)	-	-	199 069	-	(199 069)	-	-	-
<i>Dumping Site</i>	1 788 099	-	-	(1 788 099)	-	-	199 069	-	(199 069)	-	-	-
Water	19 150 626	5 335 461	-	(24 486 086)	-	-	239 852	-	(239 852)	-	-	-
<i>Water</i>	525 110	-	-	(525 110)	-	-	52 511	-	(52 511)	-	-	-
<i>Water Administration</i>	197 551	-	-	(197 551)	-	-	13 723	-	(13 723)	-	-	-
<i>Water Network</i>	18 427 964	5 335 461	-	(23 763 425)	-	-	173 618	-	(173 618)	-	-	-
Total	77 997 338	9 936 327	1 543 539	(45 008 010)	(4 817 773)	39 651 421	9 994 923	1 958 621	(2 930 378)	(993 919)	8 029 246	31 622 175

APPENDIX D
SIYANDA DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2011 Actual Income	2011 Budgeted Income	2011 Actual Expenditure	2011 Budgeted Expenditure	2011 Surplus/ (Deficit)	Description	Vote Number	2012 Actual Income	2012 Budgeted Income	2012 Actual Expenditure	2012 Budgeted Expenditure	2012 Surplus/ (Deficit)
R	R	R	R	R			R	R	R	R	R
-	-	9 423 639	10 743 778	(9 423 639)	Executive and Council		-	100 000	10 602 905	11 542 890	(10 602 905)
-	-	2 304 556	2 411 574	(2 304 556)	Council Administration	1009	-	-	2 150 961	2 305 987	(2 150 961)
-	-	4 193 935	4 703 841	(4 193 935)	Council Services	1010	-	100 000	5 122 798	5 370 982	(5 122 798)
-	-	520 849	912 948	(520 849)	Internal Audit	1005	-	-	545 602	1 199 863	(545 602)
-	-	2 404 300	2 715 415	(2 404 300)	Municipal Manager	1001	-	-	2 159 286	1 829 642	(2 159 286)
-	-	-	-	-	Risk Management	1007	-	-	624 257	836 416	(624 257)
55 830 779	59 117 772	25 990 445	27 294 626	29 840 334	Finance and Administration		43 630 012	60 828 052	32 228 442	31 146 439	11 401 570
54 735 460	57 725 878	374 203	(501 276)	-	Budget & Treasury Office	1021	42 233 675	59 186 664	4 112 686	1 295 715	-
-	-	-	-	-	Expenditure Unit	1023	-	-	4 565 803	5 872 454	(4 565 803)
1 005 971	1 000 000	14 382 672	13 174 646	(13 376 701)	Financial Services	1020	1 250 000	1 250 000	4 181 952	4 827 462	(2 931 952)
-	-	2 720 644	3 033 255	(2 720 644)	Administration	1049	-	-	3 357 149	3 639 931	(3 357 149)
7 069	19 144	-	-	7 069	Administration 2	7550	6 460	-	-	-	6 460
-	-	-	-	-	Communication & Liaison	1012	-	-	653 663	746 158	(653 663)
82 279	372 750	3 625 433	4 661 466	(3 543 154)	Human Resources	1046	139 877	391 388	5 256 387	4 417 379	(5 116 511)
-	-	1 493 579	2 768 972	(1 493 579)	Information Technology	1022	-	-	2 153 566	2 329 847	(2 153 566)
-	-	1 206 740	1 189 194	(1 206 740)	Municipal Support Services	1006	-	-	1 168 849	1 313 883	(1 168 849)
-	-	401 500	1 068 349	(401 500)	Property Services	1048	-	-	3 084 972	1 769 510	(3 084 972)
-	-	-	-	-	Supply Chain Management	1024	-	-	2 162 024	2 318 879	(2 162 024)
-	-	-	-	-	Asset Management Unit	1025	-	-	538 604	1 515 314	(538 604)
-	-	1 769 469	1 880 020	(1 769 469)	Vehicles	1003	-	-	992 787	1 099 409	(992 787)
-	-	16 204	20 000	(16 204)	O & M Unit	1032	-	-	-	500	-
16 959 587	31 754 150	9 540 298	12 099 850	7 419 289	Planning and Development		9 613 074	25 222 000	6 071 769	20 973 372	3 541 305
16 209 587	31 004 150	7 399 855	9 452 863	8 809 732	Engineering Services	1030	8 823 074	24 432 000	2 623 362	16 502 691	6 199 712
-	-	-	-	-	PMS	1008	-	-	706 232	1 310 008	(706 232)
-	-	-	-	-	LED	1015	-	-	159 797	899 493	(159 797)
750 000	750 000	2 140 443	2 646 987	(1 390 443)	PIMMS	1004	790 000	790 000	2 582 378	2 261 179	(1 792 378)
100 000	167 103	1 778 802	1 935 403	(1 678 802)	Health		-	-	1 854 771	3 349 027	(1 854 771)
100 000	167 103	1 778 802	1 935 403	(1 678 802)	Environmental Health	1040	-	-	1 854 771	3 349 027	(1 854 771)
-	27 002	867 396	1 385 201	(867 396)	Community and Social Services		(0)	-	7 241 618	12 103 204	(7 241 618)
-	-	76 657	100 000	(76 657)	Donations	1011	-	-	23 499	25 000	(23 499)
-	12 502	369 751	620 401	(369 751)	Community Service Ad	4250	-	-	4 085 576	8 009 308	(4 085 576)
-	12 000	380 402	544 571	(380 402)	Community Service Ad 2	4350	(0)	-	13 362	3 205 925	(13 362)
-	2 500	40 586	120 229	(40 586)	Community Service Ad	4450	-	-	3 119 182	862 972	(3 119 182)
1 128 150	1 000 000	3 634 735	1 289 096	(2 506 584)	Housing		1 689 566	1 310 000	1 691 428	2 003 241	(1 862)
1 128 150	1 000 000	3 634 735	1 289 096	(2 506 584)	Housing Accreditation	1033	1 689 566	1 310 000	1 691 428	2 003 241	(1 862)
295 193	1 030 000	3 292 206	4 133 641	(2 997 012)	Public Safety		430 762	892 000	3 607 674	4 115 997	(3 176 912)
295 193	1 030 000	1 975 225	2 685 004	(1 680 031)	Disaster Mangement	1002	430 762	892 000	2 183 122	2 411 468	(1 752 360)
-	-	1 316 981	1 448 637	(1 316 981)	Security Services	1050	-	-	1 424 552	1 704 529	(1 424 552)
-	-	-	-	-			-	-	-	-	-

APPENDIX D
SIYANDA DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2012

2011 Actual Income	2011 Budgeted Income	2011 Actual Expenditure	2011 Budgeted Expenditure	2011 Surplus/ (Deficit)	Description	Vote Number	2012 Actual Income	2012 Budgeted Income	2012 Actual Expenditure	2012 Budgeted Expenditure	2012 Surplus/ (Deficit)
R	R	R	R	R			R	R	R	R	R
18 589	42 215	108 150	330 307	(89 561)	Waste Management		5 525 302	-	37 748 042	23 050 027	(32 222 740)
-	2 000	47 313	87 000	(47 313)	Refuse Removal	4252	5 525 302	-	-	1 598 568	5 525 302
-	12 000	43 372	82 000		Refuse Removal 2	4352	-	-	354	1 598 568	
18 589	12 965	896	7 000		Sanitation And Sewer	4251	-	-	-	-	
-	8 000	2 308	5 000		Sanitation And Sewer 2	4351	-	-	-	-	
-	-	4 528	41 625		Refuse Removal	4452	-	-	-	1 598 568	
-	2 000	3 725	32 250		Sanitation And Sewer	4451	-	-	-	-	
-	5 250	6 008	75 432		Water-Supply	4453	-	-	37 747 689	18 254 322	
2 808 550	13 329 599	3 038 966	19 991 654	(230 416)	Roads and Transport		-	-	96 764	-	(96 764)
-	-	633 718	750 000	(633 718)	Consumable Parts Sr	2278	-	-	-	-	-
-	-	-	3 250 000		Grader Work : Routin	2071	-	-	-	-	-
-	8 278 862	-	-		Main & Divisional Ro	2064	-	-	-	-	-
-	-	-	18 000		Moving Of Plant Sr 3	2279	-	-	-	-	-
-	-	33 826	63 000		Overhead Costs	2277	-	-	-	-	-
-	-	-	382 054		Paving Repairs	2069	-	-	-	-	-
-	-	1 422 090	1 496 114		Plant Account Indire	2275	-	-	-	-	-
-	-	44 908	150 000		Plant Repairs Sr 34	2281	-	-	-	-	-
-	-	345 250	400 000		Repairs - Maintenanc	2274	-	-	5 219	-	-
-	-	-	650 000		Replacement Account	2280	-	-	-	-	-
-	1 593 086	1 634 960	1 850 501		Roadworks	2160	-	-	25 864	-	-
2 808 550	1 500 000	2 799 692	2 900 000		Roadworks Private	2073	-	-	(478)	-	-
-	-	(3 875 480)	4 947 045		Roadworks Routine Ma	2060	-	-	66 159	-	-
-	-	-	3 134 940		Running Costs Sr 35	2276	-	-	-	-	-
-	1 957 651	-	-		Subordinate Roads	2066	-	-	-	-	-
49 107	47 602	321 686	412 015	(272 579)	Water		-	-	5 045	710 720	(5 045)
-	-	-	-	-	Water-Supply	4153	-	-	-	55 000	-
49 107	27 602	218 360	255 971	(169 252)	Water-Supply 2	4253	-	-	-	471 886	-
-	20 000	103 326	156 044	(103 326)	Water-Supply 3	4353	-	-	5 045	183 834	(5 045)
159 580	200 000	2 179 280	2 863 142	(2 019 700)	Other		-	-	793 243	702 322	(793 243)
159 580	200 000	2 179 280	2 863 142	(2 019 700)	Tourism	1014	-	-	793 243	702 322	(793 243)
77 349 535	106 715 443	60 175 601	82 478 713	17 173 934	Sub-Total		60 888 717	88 352 052	101 941 700	109 697 238	(41 052 984)
					Revenue Foregone						
77 349 535	106 715 443	60 175 601	82 478 713	17 173 934	Total		60 888 717	88 352 052	101 941 700	109 697 238	(41 052 984)

APPENDIX E(1)
SIYANDA DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

Description	2011/12 Actual	2011/12 Budget	2011/12 Variance	2011/12 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Transfer of Landfill Sites	5 525 302	-	5 525 302	100	Landfill Sites transferred to Local Municipalities and not budgeted for
Government Grants and Subsidies	52 190 737	64 392 000	(12 201 263)	(19)	Funding for certain gazetted grants did not realised.
Rental of Facilities and Equipment	8 625	263 112	(254 487)	(97)	Over budgeted. Rental income of R100 570 was not received during the current year of which R64 193 was written off and the remaining balance was provided for, refer to Provisions in Note 9.
Interest Earned - External investments	529 336	750 000	(220 664)	(29)	Interest earned potential were overstated in the budget planning. Lower interest rates were realised in the financial year.
Interest Earned - Outstanding debtors	6 460	-	6 460	100	This was a "Correction of Error" on Finance Lease Receivables
Other Income	2 628 256	22 946 940	(20 318 684)	(89)	Other income were too optimistically budgeted for and did not realised as forecasted.
Total Revenue	60 888 717	88 352 052	(27 463 335)	(31)	
EXPENDITURE					
Employee Related Costs	29 892 888	34 738 212	(4 845 324)	(14)	Budgeted together with Remuneration of Councillors
Remuneration of Councillors	2 678 154	232 286	2 445 868	1 053	Budgeted together with Employee Related Cost
Depreciation	2 155 258	2 337 358	(182 100)	(8)	Increase in depreciation due to implementation of GRAP 16, 17 and 102
Impairment Losses	650 796	-	650 796	100	Impairment Losses budgeted under Other Expenses
Repairs and Maintenance	569 015	947 962	(378 948)	(40)	Less was spent on repairs and maintenance due to the replacement of redundant assets with new assets occurred.
Interest Paid	487 876	1 456 871	(968 995)	(67)	Over-budgeted for expenditure
Contracted Services	3 112 372	2 270 000	842 372	37	It was an extension of Ducharme Consulting contract - condoned by Council
Grants and Subsidies Paid	2 790 627	15 976 500	(13 185 873)	(83)	Funding for certain projects in this category did not materialised and this let the spending on grants and subsidies paid to be much lesser than budgeted for.
General Expenses	13 703 229	15 308 702	(1 605 473)	(10)	Savings on expenditure realised
Loss on disposal of Property, Plant and Equipment	45 901 485	36 429 349	9 472 137	26	PPE transferred to Local Municipalities and not budgeted for
Total Expenditure	101 941 700	109 697 238	(7 755 538)	(7)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	(41 052 984)	(21 345 187)	(19 707 797)	92	

APPENDIX E(2)

SIYANDA DISTRICT MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF CAPITAL ASSETS) FOR THE YEAR ENDED 30 JUNE 2012

Description	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	Explanation of Significant Variances greater than 5% versus Budget
	Actual	Under Construction	Total Additions	Budget	Variance	Variance	
	R	R	R	R	R	%	
Executive and Council	109 429	-	109 429	60 000	49 429	82	Budgeted for under Housing
Finance and Administration	1 579 798	-	1 579 798	5 130 000	(3 550 202)	(69)	Savings realised
Planning and Development	2 842 919	-	2 842 919	4 781 000	(1 938 081)	(41)	Savings realised
Health	7 280	-	7 280	20 000	(12 720)	(64)	Savings realised
Community and Social Services	9 578	1 543 539	1 553 117	-	1 553 117	100	Budgeted for under Community and Social Services
Housing	10 662	-	10 662	1 176 050	(1 165 388)	(99)	Savings realised
Public Safety	-	-	-	17 000	(17 000)	(100)	Savings realised
Sport and Recreation	41 200	-	41 200	-	41 200	100	Budgeted for under Planning and Development
Water	5 335 461	-	5 335 461	5 500 000	(164 539)	(3)	
Other	-	-	-	5 000	(5 000)	(100)	Savings realised
Total	9 936 327	1 543 539	11 479 866	16 689 050	(5 209 184)	(31)	

APPENDIX F
SIYANDA DISTRICT MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure					Grants and Subsidies Delayed / Withheld	Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below
		Sept	Dec	March	June	June	Sept	Dec	March	June			
Disaster Management - Near Project Subsidy	COGHSTA - Provincial	-	-	(521 000.0)	-	-	-	-	-	218 593	N/A	N/A	Yes
Disaster Management - Fire Equipment Grant	COGHSTA - Provincial	-	-	(371 000.0)	-	-	-	27 936	131 250	52 984	N/A	N/A	Yes
Municipal Infrastructure Grant	COGHSTA - National	-	-	-	-	-	133 382	524 214	-	2 095 840	N/A	N/A	Yes
EPWP Incentive Grant	DPWRT - Provincial	-	(490 000)	-	-	-	13 410	28 672	195 645	200 003	N/A	N/A	Yes
CRDB Water pipeline RVM Mission	Department Rural Development	(1 857 942)	(145 886)	(988 584.3)	(45 496.0)	-	1 084 261	1 976 233	-529 181	-195 408	N/A	N/A	Yes
DWA Water pipeline RVM Mission	Department Water Affairs	-	(2 035 140)	(1 033 581.0)	-	-	-	-	1 785 211	906 650	N/A	N/A	Yes
Conditional Grant - Dept Housing (Houses)	COGHSTA - Provincial	(764 913)	-	-	-	-	69 618	-	-	188 860	N/A	N/A	Yes
Municipal Systems Improvement Grant	COGHSTA - National	(790 000)	-	-	-	-	-	-	168 483	621 517	N/A	N/A	Yes
Financial Management Grant	National Treasury	(1 250 000)	-	-	-	-	152 622	180 848	118 513	798 017	N/A	N/A	Yes
Housing Accreditation DPLG National	COGHSTA - Provincial	(715 167)	(233 333)	-	-	-	358 751	384 530	408 281	538 005	N/A	N/A	Yes
Total Grants and Subsidies Received		(5 378 022)	(2 904 360)	(2 914 165)	(45 496)	-	1 812 044	3 122 432	2 278 201	5 425 060	-		

(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?